

• **Financial Statements**
• with Supplementary Information

• **Ohio High School**
• **Athletic Association**

• July 31, 2022 and 2021



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To the Board of Directors
Ohio High School Athletic Association
Columbus, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of the Ohio High School Athletic Association (the Association), which comprise the statements of financial position as of July 31, 2022, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of July 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Association as of July 31, 2021 were audited by other auditors whose report dated February 10, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for 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 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, 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 the 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 the 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.

To the Board of Directors
Ohio High School Athletic Association
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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 22-23 is presented for 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 audit 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

GBQ Partners LLC

Columbus, Ohio
December 27, 2022

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statements of Financial Position

July 31, 2022 and 2021



	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,450,650	\$ 10,800,634
Accounts receivable	1,996,003	784,140
Prepaid expenses	89,952	264,036
Certificates of deposit	121,133	320,239
Total current assets	14,657,738	12,169,049
Long-Term Assets		
Investments	3,385,276	-
Property and equipment, net	1,169,344	1,217,559
Total long-term assets	4,554,620	1,217,559
TOTAL ASSETS	\$ 19,212,358	\$ 13,386,608
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 567,519	\$ 347,341
Accrued employee wages and benefits	64,460	66,510
Deferred income	664,811	682,745
Total current liabilities	1,296,790	1,096,596
Net Assets		
Without donor restrictions		
Board designated funds:		
Fred Durkle Scholarship	48,392	53,129
Rossi/Denney Scholarship	49,128	53,937
Reserve fund	702,492	702,083
Total Board designated funds	800,012	809,149
Undesignated funds	17,115,556	11,480,863
Total net assets without donor restrictions	17,915,568	12,290,012
TOTAL LIABILITIES AND NET ASSETS	\$ 19,212,358	\$ 13,386,608

The accompanying notes are an integral part of the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statements of Activities and Change in Net Assets For the Years Ended July 31, 2022 and 2021

	2022	2021
Revenue and Other Gains		
Tournament revenue	\$ 21,124,620	\$ 13,744,526
Other revenue	2,950,856	3,542,510
Service revenue	1,175,890	391,980
Interest and dividend income	28,647	12,093
Total revenue and other gains	<u>25,280,013</u>	<u>17,691,109</u>
Expenses:		
Program:		
Tournament expenses	14,702,277	10,841,646
Compliance expenses	364,395	711,244
Service expenses	973,821	946,005
Officiating expenses	1,395,698	1,032,697
Marketing expenses	144,548	150,969
Total program expenses	<u>17,580,739</u>	<u>13,682,561</u>
General and administrative expenses	<u>1,764,664</u>	<u>1,537,428</u>
Total expenses	<u>19,345,403</u>	<u>15,219,989</u>
Change in net assets from operations	5,934,610	2,471,120
Other Income		
Grant revenue	25,000	2,510,000
Gain on forgiveness of PPP loan	-	1,149,574
Net realized and unrealized (loss) gain on investments	(334,054)	8,522
Change in Net Assets without Donor Restrictions	5,625,556	6,139,216
Net Assets without Donor Restrictions - Beginning of Year	12,290,012	6,150,796
Net Assets without Donor Restrictions - End of Year	\$ 17,915,568	\$ 12,290,012

The accompanying notes are an integral part of the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statement of Functional Expenses For the Year Ended July 31, 2022

	Program					Program Total	General and Administrative	Total
	Tournament	Compliance	Service	Officiating	Marketing			
Salaries and wages	\$ 823,942	\$ 123,540	\$ 51,008	\$ 330,844	\$ 54,070	\$ 1,383,404	\$ 683,751	\$ 2,067,155
Insurance	82,147	17,628	470,767	185,073	7,715	763,330	89,545	852,875
Payroll taxes and benefits	171,173	47,276	19,520	64,716	20,691	323,376	227,867	551,243
Rulebooks and officiating	-	-	181,183	256,803	-	437,986	-	437,986
Rents and leases	34,039	9,704	24,432	277,194	4,247	349,616	46,961	396,577
Consultant fees	39,205	6,469	62,593	54,622	10,041	172,930	175,810	348,740
Office expense	68,743	39,573	30,122	42,832	30,521	211,791	101,493	313,284
Board and staff travel	170,895	4,359	1,119	3,260	1,187	180,820	120,115	300,935
Legal fees	-	69,970	-	6,997	-	76,967	62,973	139,940
Depreciation	34,619	10,682	4,411	12,845	4,675	67,232	50,473	117,705
Bank and merchant fees	10,287	1,503	6,633	87,385	658	106,466	10,709	117,175
Scholarships	-	-	110,909	-	-	110,909	-	110,909
Repairs and maintenance	29,969	8,781	3,626	10,559	3,843	56,778	45,023	101,801
Clinics and meetings	-	18,010	598	55,668	-	74,276	20,611	94,887
Contract labor	5,553	-	-	-	-	5,553	49,975	55,528
Printing	6,900	6,900	6,900	6,900	6,900	34,500	6,900	41,400
Miscellaneous expenses	-	-	-	-	-	-	36,617	36,617
Grant program expenses	35,163	-	-	-	-	35,163	-	35,163
Audit fees	-	-	-	-	-	-	30,976	30,976
Other taxes and licenses	-	-	-	-	-	-	4,852	4,852
Pension fees	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	13	13
	1,512,635	364,395	973,821	1,395,698	144,548	4,391,097	1,764,664	6,155,761
Direct tournament expenses	13,189,642	-	-	-	-	13,189,642	-	13,189,642
TOTAL	\$ 14,702,277	\$ 364,395	\$ 973,821	\$ 1,395,698	\$ 144,548	\$ 17,580,739	\$ 1,764,664	\$ 19,345,403

The accompanying notes are an integral part of the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statement of Functional Expenses For the Year Ended July 31, 2021

	Program					Program Total	General and Administrative	Total
	Tournament	Compliance	Service	Officiating	Marketing			
Salaries and wages	\$ 602,161	\$ 359,401	\$ 74,380	\$ 212,418	\$ 49,964	\$ 1,298,324	\$ 504,622	\$ 1,802,946
Insurance	59,670	21,291	508,991	139,894	6,046	735,892	58,511	794,403
Payroll taxes and benefits	193,232	70,476	26,037	78,988	20,014	388,747	192,555	581,302
Rulebooks and officiating	-	-	192,412	203,830	-	396,242	-	396,242
Rents and leases	33,691	11,261	14,335	144,885	3,198	207,370	32,019	239,389
Consultant fees	35,787	5,368	62,628	53,681	14,102	171,566	310,156	481,722
Office expense	78,091	47,948	36,885	50,049	35,385	248,358	90,048	338,406
Board and staff travel	30,607	2,446	903	2,750	697	37,403	27,678	65,081
Legal fees	-	143,486	-	14,349	-	157,835	129,137	286,972
Depreciation	40,096	14,752	5,450	16,519	4,189	81,006	40,214	121,220
Bank and merchant fees	7,669	1,857	5,546	76,424	527	92,023	7,542	99,565
Scholarships	-	-	-	-	-	-	-	-
Repairs and maintenance	47,768	17,223	6,363	19,286	4,891	95,531	49,179	144,710
Clinics and meetings	-	3,780	120	7,669	-	11,569	-	11,569
Contract labor	5,247	-	-	-	-	5,247	38,592	43,839
Printing	11,956	11,955	11,955	11,955	11,956	59,777	11,955	71,732
Miscellaneous expenses	-	-	-	-	-	-	15,233	15,233
Grant program expenses	465,897	-	-	-	-	465,897	-	465,897
Audit fees	-	-	-	-	-	-	25,084	25,084
Other taxes and licenses	-	-	-	-	-	-	2,000	2,000
Pension fees	-	-	-	-	-	-	2,903	2,903
Interest expense	-	-	-	-	-	-	-	-
	1,611,872	711,244	946,005	1,032,697	150,969	4,452,787	1,537,428	5,990,215
Direct tournament expenses	9,229,774	-	-	-	-	9,229,774	-	9,229,774
TOTAL	\$ 10,841,646	\$ 711,244	\$ 946,005	\$ 1,032,697	\$ 150,969	\$ 13,682,561	\$ 1,537,428	\$ 15,219,989

The accompanying notes are an integral part of the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statements of Cash Flows For the Years Ended July 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from tournaments, services and fees	\$ 24,050,216	\$ 17,289,032
Cash paid to suppliers and employees	(18,835,486)	(15,251,480)
Proceeds from grants	25,000	2,510,000
Net cash and cash equivalents provided by operating activities	5,239,730	4,547,552
Cash Flows from Investing Activities		
Purchases of property and equipment	(69,490)	(18,664)
Sales of certificates of deposit	199,289	499,828
Purchases of investments	(3,920,465)	-
Proceeds from sale of investments	200,952	402,029
Net cash and cash equivalents (used in) provided by investing activities	(3,589,714)	883,193
Cash Flows from Financing Activities		
Payments on short-term debt	-	(50,000)
Proceeds from Paycheck Protection Program Loan	-	559,665
Net cash and cash equivalents provided by financing activities	-	509,665
Net increase in cash and cash equivalents	1,650,016	5,940,410
Cash and Cash Equivalents - Beginning of Year	10,800,634	4,860,224
Cash and Cash Equivalents - End of Year	\$ 12,450,650	\$ 10,800,634
Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities		
Change in net assets without donor restrictions	\$ 5,625,556	\$ 6,139,216
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Gain on forgiveness of PPP loan	-	(1,149,575)
Depreciation	117,705	121,220
Net realized and unrealized loss (gain) on investments	334,054	(20,615)
Change in assets and liabilities:		
Accounts receivable	(1,211,863)	(450,494)
Prepaid expenses	174,084	(155,977)
Accrued employee wages and benefits	(2,050)	(34,024)
Accounts payable	220,178	45,741
Deferred income	(17,934)	52,060
Net Cash and Cash Equivalents Provided by Operating Activities	\$ 5,239,730	\$ 4,547,552

The accompanying notes are an integral part of the financial statements.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Nature and Scope of Business

The purpose of the Ohio High School Athletic Association (the Association) shall be to regulate, supervise and administer interscholastic athletic competition in a fair and equitable manner among its member schools. While promoting the values of participation in interscholastic athletics, the Association shall be an integral factor in the total educational program of the schools. This shall be accomplished in cooperation with all agencies vitally concerned with the health and educational welfare of high school, junior high school and middle school students; determining qualifications of individual participants, coaches and officials; providing information through literature and other materials to facilitate athletic relations among member schools; establishing standards for sportsmanship and competition; and furnishing protection against exploitation of schools or students in any manner directed by the member schools. The Columbus office is the administrative and primary office of the Association and is supported by six districts located throughout the state. These financial statements include all districts and the Columbus office.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Financial Statement Presentation

The Association classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. Descriptions of the Association's net asset categories are as follows:

Net Assets Without Donor Restrictions - Net assets that are free of donor-imposed restriction; all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by the donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Association. Donor-imposed stipulations that will be met in the same period in which the revenue is received are recognized immediately as net assets without donor restrictions in the statement of activities and change in net assets. As of July 31, 2022 and 2021, the Association had no net assets with donor restrictions.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Association maintains cash and cash equivalents at various financial institutions, which at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. The Association does not charge interest on any overdue accounts. Accounts receivable from customers (excluding employee retention credit receivables discussed further in the *Employee Retention Credit* footnote below) were \$1,816,091, \$185,935 and \$333,646 at July 31, 2022, July 31, 2021 and August 1, 2020, respectively.

Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. No allowance for uncollectible accounts receivable was deemed to be necessary as of July 31, 2022 and 2021 as management believed all accounts to be collectible.

Investments

The Association carries investments in marketable securities based on fair values at July 31, 2022. Interest and dividend income and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions.

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.
- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 Inputs are significant unobservable inputs for the asset or liability.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Investments (continued)

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Renewals and betterments that materially extend the useful lives of the assets are capitalized and depreciated. Maintenance and repairs that do not improve or extend the lives of the respective assets are charged to expense as incurred. Assets purchased but not placed in service are capitalized and depreciation is not recognized until the date the asset is placed in service. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. The useful lives of property and equipment are as follows:

Building	31 - 40 Years
Furniture and fixtures	5 - 10 Years
Vehicles	5 Years

The Association evaluates whether events and circumstances have occurred that indicate the remaining carrying value of long-lived assets might not be recoverable. In cases where the expected future cash flows are determined to be less than the carrying amount of the assets, the assets are considered to be impaired and are written down to fair value, based on appraisals or other methods to estimate value. There were no impairment losses recorded during the years ended July 31, 2022 and 2021.

Deferred Income

Annual officials' permit fees received prior to the start of the licensing period are recorded as deferred income, and recognized as revenue during the period earned. Deferred income was \$664,811, \$682,745 and \$630,685 at July 31, 2022, July 31, 2021 and August 1, 2020, respectively.

Revenue Recognition

The Association has adopted the provisions and expanded disclosure requirements described in Accounting Standards Update (ASU) No. 2014-09, Revenue from *Contracts with Customers*, also referred to as Accounting Standards Codification (ASC) Topic 606, which provides a unified model to determine when and how revenue is recognized. In accordance with ASC 606, the Association recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Association's revenue streams consist of the following:

Tournament Revenue - The Association sells tournament tickets and receives consideration from customers. Revenue is recognized at the point in time the tournament occurs.

Corporate Sponsorships - The Association receives various corporate sponsorships and recognizes them as revenue at the point in time when the obligation is satisfied or over the term of the sponsorship. Corporate sponsorships are included in other revenue in the accompanying statements of activities and change in net assets.

Officials Permit and Class Fees - The Association renews tournament officials licenses and hosts various educational classes throughout the year in exchange for consideration from officials. The Association receives payments from officials in advance of the renewal or class, and revenue is recognized over the period the renewal is effective or at the point in time the class occurs. Officials Permit and Class Fees are included in other revenue in the accompanying statements of activities and changes in net assets.

Service Revenue - Beginning in 2022, the Association receives membership dues from member schools which are recognized over the period the membership is effective. Additionally, service revenue is comprised of coach's education fees which are recognized as revenue based on the education credit activity that occurs.

Grant Revenue

Conditional contributions are recognized when the conditions are substantially met. Unconditional contributions are recognized as revenue at the time the commitment is made or payment is received.

During 2021, the Association received a significant conditional contribution as part of the Elementary and Secondary School Emergency Relief Fund and the conditions were substantially met during the same year. The conditions related to eligible expenses incurred for implementing safety protocols in accordance with the Ohio Department of Health's Director's Order that provided mandatory requirements for sporting events. The full amount of \$2,510,000 was recognized as grant revenue in the statement of activities and change in net assets for the year ended July 31, 2021.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Summary of Significant Accounting Policies (continued)

COVID-19 Government Assistance Accounting Policies

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a not-for-profit entity that receives forgivable debt or assistance not in the form of an income tax credit from a government entity. Accordingly, management has elected to recognize forgivable debt received from a government entity (Paycheck Protection Program Loans) as debt until extinguishment occurs when the Association is legally released from being the obligor. Upon legal release as obligor, the Association recognizes the forgiven amount as income in the statement of activities and change in net assets. As it relates to certain payroll-related tax credits (Employee Retention Credits), management has elected to analogize to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which states that such credits are treated as a government grant when there is reasonable assurance that the entity will meet the terms of the credits and such credits will be received. Accordingly, the Association presents assistance from government entities in the form of such tax credits within accounts receivable or cash, once received, in the accompanying statements of financial position and within other revenue in the statements of activities and change in net assets when it is probable that the Association has complied with all the conditions to receive the credit.

Contributed Services

Donated services are recognized as contributions only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Association. During the years ended July 31, 2022 and 2021, a substantial number of unpaid volunteers, including members of the Board of Directors, made significant contributions of time to promote and administer the activities at the Association. The value of this contributed time is not reflected in the financial statements since the aforementioned criteria were not met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are summarized and categorized based on their functional classification as either program or supporting expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function and are allocated equally across the programs. The most significant allocations are salaries, payroll taxes and benefits, bank and merchant fees and consultant fees, which are allocated based on time and effort.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Association performs an annual assessment for any uncertainty in income tax positions which includes an analysis of whether there are any tax positions the Association takes with regard to unrelated business income, related deductions applied or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. The Association has not identified any material uncertain tax positions requiring accrual or disclosure in the financial statements as of July 31, 2022 or 2021.

New Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new standard for both lessees and lessors. Under its core principle, a lessee will recognize lease assets and liabilities on the statement of financial position for nearly all lease arrangements. The new standard is effective for annual periods beginning after December 15, 2021. The Association is in the process of determining the effect of this change on its accounting and disclosure of lease activity.

Liquidity and Available Resources

Financial assets available for general expenditures, that is, without donor restrictions or board designations limiting their use, within one year of the statement of financial position date, are comprised of \$12,068,207 of cash and cash equivalents and \$1,996,003 of accounts receivable at July 31, 2022.

The Association also holds \$3,088,840 in long-term investments, which are without restrictions or board designations limiting their use, that could be made available for current operations, if necessary, although the Association does not intend to spend for these purposes. Additionally, to assist in managing unanticipated liquidity needs, the Association has a \$750,000 line of credit available, which could be drawn upon.

Although the Association does not intend to spend its board-designated funds other than amounts approved for general expenditure as part of its annual budgeting process, amounts from its board-designated funds could be made available if necessary and approved by the Board of Directors. There are no minimum balance restrictions on the cash account that would restrict its availability. In addition to these available assets, a significant portion of the Association's annual expenditures will be funded with the annual tournament revenues, service revenue, investment income and miscellaneous revenue.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Certificates of Deposit

The Association has certificates of deposit with initial maturities of greater than three months. The investments are readily convertible to cash, but may be subject to a penalty upon conversion. The investments mature in May 2023 and are valued at cost plus accrued interest earned.

Investments

The Association invests in various marketable securities, all of which are considered trading securities. Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the fair value of these investments may occur in the near term, which could be material.

Investments at cost and fair value consist of the following at July 31, 2022:

	Cost	Level 1	Level 2	Level 3	Fair Value
Cash and money market	\$ 31,944	\$ 31,944	\$ -	\$ -	\$ 31,944
Equity securities:					
Domestic equity		1,450,073	-	-	1,450,073
International equity		470,952	-	-	470,952
Total equity securities	2,120,161	1,921,025	-	-	1,921,025
Fixed income	1,516,735	1,413,338	-	-	1,413,338
Alternative	19,628	18,969	-	-	18,969
Total Investments	\$ 3,688,468	\$ 3,385,276	\$ -	\$ -	\$ 3,385,276

The methods of valuation might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Further, while the Association believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial investments could result in a different fair value measurement at the reporting date. There were no changes in valuation methodology during 2022.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Property and Equipment

Property and equipment consisted of the following at July 31:

	2022	2021
Land	\$ 269,000	\$ 269,000
Furniture and equipment	2,913,556	2,879,865
Buildings and improvements	2,453,207	2,434,169
Vehicles	53,951	53,951
	5,689,714	5,636,985
Less: accumulated depreciation	(4,520,370)	(4,419,426)
Property and Equipment, net	\$ 1,169,344	\$ 1,217,559

Line of Credit

During February 2021, the Association entered into a \$750,000 revolving line of credit with a financial institution which is due on demand. Interest is payable monthly and is calculated using Prime Rate of interest less 0.25%. There were no borrowings outstanding on the line of credit as of July 31, 2022 or 2021.

Paycheck Protection Program Loan

In connection with the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in April 2020, the Association entered into a term note with a financial institution with a principal amount of \$589,910. In January 2021, the Association entered into a second term note with a financial institution with a principal amount of \$559,664. The PPP Term Notes both charged interest at a fixed annual rate of 1.00% with the first six months of interest deferred.

Under terms of the PPP, up to 100% of the loans (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements are met. During the year ended July 31, 2021, the Association applied for and received full forgiveness of the PPP loans and a gain of \$1,149,574 was recognized in the accompanying statement of activities and change in net assets.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loans. The review may include the loan forgiveness application, as well as whether the Association met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021

Employee Retention Credits

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows for a refundable Employee Retention Credit (ERC) to eligible employers equal to 50% of qualified wages paid to employees from March 13, 2020 to December 31, 2020, capped at \$10,000 per employee. Subsequently, the Consolidated Appropriations Act (CAA), the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 were passed, which expanded the ERC by increasing the credit to 70% of qualified wages paid from January 1, 2021 through September 30, 2021, capped at \$10,000 per employee per quarter. For the year ended July 31, 2021, the Association recognized \$598,205 in ERC, which is presented within other revenue in the accompanying statement of activities and change in net assets. As of July 31, 2022 and 2021, \$179,912 and \$598,205, respectively, of this amount had not yet been received and is presented within accounts receivable in the accompanying statements of financial position. This amount was fully collected subsequent to year-end.

Retirement Plan

The Association sponsors a defined contribution retirement plan for all full-time employees. The Association makes an annual discretionary contribution to the Plan, which was 8% of eligible employee compensation for both years ended July 31, 2022 and 2021. Additionally, the Association matched 100% of employee contributions up to 3% of eligible compensation. Employees are eligible to contribute a portion of their salary, up to regulatory contribution ceilings, in addition to the amount contributed by the Association. Total employer contributions to the Plan amounted to \$144,810 and \$164,775 for the years ended July 31, 2022 and 2021, respectively.

Operating Leases

The Association leases certain office equipment under noncancellable operating leases, which expire at various dates through 2025. Future minimum lease payments are as follows for the years ending July 31:

Year Ending	Amount
2023	\$ 91,380
2024	91,380
2025	53,909
Total	\$ 236,669

Total rent expense for the years ended July 31, 2022 and 2021 amounted to \$396,577 and \$239,390, respectively.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Notes to Financial Statements

July 31, 2022 and 2021



Board Designations

The Association started the Board-Designated Reserve Fund to have a funding source for extraordinary or unforeseen expenditures. The value as of July 31, 2022 and 2021 was \$702,492 and \$702,083, respectively. Funds have also been designated for the Fred Durkle Scholarship Fund and the Rossi-Denney Scholarship Fund. Scholarship money has typically been presented annually to senior athletes in the names of the late Fred Durkle, John Rossi and Bob Denney. Due to the impact of the COVID-19 pandemic, no scholarships were presented for the Fred Durkle or Rossi-Denney funds during the years ended July 31, 2022 or 2021. The amount accumulated in the Fred Durkle Scholarship Fund as of July 31, 2022 and 2021 was \$48,392 and \$53,129, respectively. The amount accumulated in the Rossi/Denney Scholarship Fund as of July 31, 2022 and 2021 was \$49,128 and \$53,937, respectively.

OHSAA Foundation

In 1998, the Association provided the initial funding to start the Ohio High School Athletic Association Foundation (Foundation), a separately formed, controlled and operated not-for-profit organization. The Foundation was formed to provide scholarships and conferences for Ohio student athletes. The Association provided the Foundation accounting and clerical services for no charge with a fair value of approximately \$5,000 for the years ended July 31, 2022 and 2021. Separate financial statements for the Foundation may be obtained by contacting the Finance and Accounting department of the Ohio High School Athletic Association, 4080 Roselea Place, Columbus, OH 43214.

Concentrations

At July 31, 2022, one corporate sponsorship represented 57% of accounts receivable. There were no concentrations of receivables at July 31, 2021.

Contingencies

The Association is, from time to time, subject to lawsuits that are typical of matters arising in the normal operations of interscholastic athletic associations. The Association does not believe that any matters or proceedings presently pending will have a materially adverse effect on its financial position, results of operations or liquidity.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statement of Activities and Change in Net Assets by District

For the Year Ended July 31, 2022 (with Comparative Totals for 2021)

	Columbus	Central	East	Northeast	Northwest	Southeast	Southwest	Eliminations	Total All Districts	
									2022	2021
Revenue and Other Gains:										
Tournament revenue:										
Football	\$ 5,489,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,489,621	\$ 3,545,587
Soccer	531,751	220,178	56,568	448,150	225,938	83,093	390,397	-	1,956,075	1,260,032
Volleyball	405,315	104,477	58,676	202,324	224,541	66,750	150,727	-	1,212,810	668,496
Cross country	380,344	39,026	8,496	45,218	41,906	13,328	46,614	-	574,932	403,334
Field hockey	69,217	-	-	-	-	-	-	-	69,217	34,580
Girls tennis	13,431	9,370	-	14,114	8,336	1,130	14,278	-	60,659	60,763
Golf	64,974	10,026	5,658	14,760	16,344	6,198	14,274	-	132,234	136,408
Total fall sports	6,954,653	383,077	129,398	724,566	517,065	170,499	616,290	-	9,495,548	6,109,200
Boys basketball	1,665,843	359,158	199,875	657,555	631,714	292,804	584,762	-	4,391,711	1,742,151
Girls basketball	690,323	151,952	81,092	292,833	297,650	129,120	190,242	-	1,833,212	1,138,834
Ice hockey	287,832	-	-	-	-	-	-	-	287,832	84,746
Bowling	33,490	16,904	5,118	23,626	10,800	3,078	22,574	-	115,590	54,533
Gymnastics	15,649	5,624	-	11,180	2,042	-	2,370	-	36,865	26,295
Swimming and diving	92,015	32,633	2,370	56,740	56,387	4,456	59,738	-	304,339	79,442
Wrestling-individual	586,920	60,676	11,132	93,430	79,041	18,870	78,142	-	928,211	258,370
Wrestling-team	-	-	-	-	-	-	-	-	-	8,160
Total winter sports	3,372,072	626,947	299,587	1,135,364	1,077,634	448,328	937,828	-	7,897,760	3,392,531
Baseball	343,428	113,768	58,586	189,416	156,971	76,018	139,260	-	1,077,447	1,185,579
Softball	242,380	71,442	39,779	115,186	110,799	48,998	88,368	-	716,952	824,950
Lacrosse	625,729	-	-	-	-	-	-	-	625,729	622,079
Boys tennis	14,543	7,078	106	12,918	6,282	846	12,758	-	54,531	71,726
Track & field	691,893	81,464	33,090	163,144	127,552	46,436	113,074	-	1,256,653	1,538,461
Total spring sports	1,917,973	273,752	131,561	480,664	401,604	172,298	353,460	-	3,731,312	4,242,795
Total tournament revenue	12,244,698	1,283,776	560,546	2,340,594	1,996,303	791,125	1,907,578	-	21,124,620	13,744,526
Other revenue:										
Corporate sponsors	1,169,398	-	-	-	-	-	-	-	1,169,398	1,658,188
Officials permit fees	1,069,082	-	-	-	-	-	-	-	1,069,082	1,005,573
ERC tax credit	-	-	-	-	-	-	-	-	-	598,205
Media rights	399,962	-	-	-	-	-	-	-	399,962	-
Miscellaneous	243,988	4,892	8,620	18,043	9,530	36	27,305	-	312,414	280,544
Total other revenue	2,882,430	4,892	8,620	18,043	9,530	36	27,305	-	2,950,856	3,542,510
Service revenue:										
Membership revenue	698,910	-	-	-	-	-	-	-	698,910	-
Coach's education	476,980	-	-	-	-	-	-	-	476,980	329,300
First aid coach's training	-	-	-	-	-	-	-	-	-	62,680
Total service revenue	1,175,890	-	-	-	-	-	-	-	1,175,890	391,980
Other changes in net assets:										
Interest and dividend income	6,801	3,634	3,729	1,459	4,881	2,822	5,321	-	28,647	12,093
Grant revenue	25,000	-	-	-	-	-	-	-	25,000	2,510,000
PPP Loan forgiveness	-	-	-	-	-	-	-	-	-	1,149,574
Net realized and unrealized (loss) gain on investments	(48,308)	(47,625)	(52,387)	(9,525)	(66,674)	(38,099)	(71,436)	-	(334,054)	8,522
Total other changes	(16,507)	(43,991)	(48,658)	(8,066)	(61,793)	(35,277)	(66,115)	-	(280,407)	3,680,189
Total Revenue and Other Gains	\$ 16,286,511	\$ 1,244,677	\$ 520,508	\$ 2,350,571	\$ 1,944,040	\$ 755,884	\$ 1,868,768	\$ -	\$ 24,970,959	\$ 21,359,205

See Independent Auditor's Report.

OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

Statement of Activities and Change in Net Assets by District (continued)

For the Year Ended July 31, 2022 (with Comparative Totals for 2021)

	Columbus	Central	East	Northeast	Northwest	Southeast	Southwest	Eliminations	Total All Districts	
									2022	2021
Direct Tournament Expenses:										
Football	\$ 2,424,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,424,228	\$ 1,885,085
Soccer	360,862	126,431	35,213	284,857	130,827	55,404	181,637	-	1,175,231	926,089
Volleyball	219,517	75,689	34,565	160,381	116,717	46,600	105,213	-	758,682	578,641
Cross country	216,856	22,722	3,237	32,745	24,744	8,177	35,232	-	343,713	295,301
Field hockey	36,862	-	-	-	-	-	-	-	36,862	27,177
Girls tennis	12,248	15,721	595	22,072	9,128	2,230	19,453	-	81,447	71,611
Golf	102,204	37,840	17,484	84,481	59,170	41,202	60,903	-	403,284	134,659
Total fall sports	3,372,777	278,403	91,094	584,536	340,586	153,613	402,438	-	5,223,447	3,918,563
Boys basketball	665,435	151,282	63,671	309,356	320,105	99,550	316,530	-	1,925,929	963,008
Girls basketball	396,449	108,797	53,317	257,812	294,181	71,024	152,297	-	1,333,877	822,607
Ice hockey	139,230	-	-	-	-	-	-	-	139,230	87,689
Bowling	39,231	30,425	12,770	37,204	17,537	6,529	56,478	-	200,174	73,522
Gymnastics	30,105	12,005	-	37,539	11,116	-	9,516	-	100,281	92,515
Swimming and diving	97,442	57,252	3,251	65,396	42,308	5,523	86,009	-	357,181	288,556
Wrestling-individual	438,150	76,243	19,528	122,756	93,443	20,985	110,345	-	881,450	539,770
Total winter sports	1,806,042	436,004	152,537	830,063	778,690	203,611	731,175	-	4,938,122	2,867,667
Baseball	227,493	77,079	38,678	189,458	103,139	49,373	91,483	-	776,703	576,088
Softball	196,398	68,338	35,030	176,160	94,478	44,800	84,647	-	699,851	510,721
Lacrosse	402,155	-	-	-	-	-	-	-	402,155	294,902
Boys tennis	17,163	11,347	397	14,457	8,182	3,279	13,487	-	68,312	62,129
Track and field	564,391	72,107	23,690	168,848	97,469	33,968	119,036	-	1,079,509	988,479
Total spring sports	1,407,600	228,871	97,795	548,923	303,268	131,420	308,653	-	3,026,530	2,432,319
Special Awards	-	576	-	-	350	617	-	-	1,543	11,225
Total direct tournament expenses	6,586,419	943,854	341,426	1,963,522	1,422,894	489,261	1,442,266	-	13,189,642	9,229,774
Operating expenses:										
Salaries and wages	1,807,863	30,853	34,757	66,417	45,040	42,114	40,111	-	2,067,155	1,802,946
Insurance	852,875	-	-	-	-	-	-	-	852,875	794,403
Payroll taxes and benefits	531,407	2,360	2,659	5,081	3,446	3,222	3,068	-	551,243	581,302
Rulebooks and officiating	437,986	-	-	-	-	-	-	-	437,986	396,242
Rents and leases	391,609	-	488	1,988	1,500	-	992	-	396,577	239,389
Consultant fees	348,074	-	-	666	-	-	-	-	348,740	481,722
Office expense	300,767	1,254	1,932	4,284	2,621	1,097	1,329	-	313,284	338,406
Board and staff travel	206,742	15,531	13,323	11,349	24,987	14,937	14,066	-	300,935	65,081
Legal fees	139,940	-	-	-	-	-	-	-	139,940	286,972
Depreciation	112,137	1,027	414	1,027	1,027	-	1,046	-	117,705	121,220
Bank and merchant fees	89,797	3,701	1,747	8,008	5,685	2,442	5,795	-	117,175	99,565
Scholarships	91,500	4,704	-	4,871	-	1,932	7,902	-	110,909	-
Repairs and maintenance	101,582	-	-	219	-	-	-	-	101,801	144,710
Clinics and meetings	68,535	4,517	5,114	552	10,846	(71)	5,394	-	94,887	11,569
Contract labor	-	6,300	9,100	5,000	5,649	4,500	24,979	-	55,528	43,839
Printing	39,901	-	189	-	208	-	1,102	-	41,400	71,732
Miscellaneous expenses	15,357	669	119	5,573	9,319	1,537	4,043	-	36,617	15,233
Grant program expenses	35,163	-	-	-	-	-	-	-	35,163	465,897
Audit fees	30,976	-	-	-	-	-	-	-	30,976	25,084
Other taxes and licenses	4,852	-	-	-	-	-	-	-	4,852	2,000
Interest expenses	13	-	-	-	-	-	-	-	13	-
Pension fees	-	-	-	-	-	-	-	-	-	2,903
Total operating expenses	5,607,076	70,916	69,842	115,035	110,328	72,737	109,827	-	6,155,761	5,990,215
Total Expenses	12,193,495	1,014,770	411,268	2,078,557	1,533,222	561,998	1,552,093	-	19,345,403	15,219,989
Change in Net Assets without Donor Restrictions	\$ 4,093,016	\$ 229,907	\$ 109,240	\$ 272,014	\$ 410,818	\$ 193,886	\$ 316,675	\$ -	\$ 5,625,556	\$ 6,139,216

See Independent Auditor's Report.