

**UTAH HIGH SCHOOL ACTIVITIES
ASSOCIATION, INC.**

FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Utah High School Activities Association, Inc.
Salt Lake City, Utah

Opinion

We have audited the accompanying financial statements of Utah High School Activities Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah High School Activities Association, Inc. as of June 30, 2021, and the changes in its net assets 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. 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 Utah High School Activities Association, Inc. 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.

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 Utah High School Activities 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 Responsibilities 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 generally accepted 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, including omissions, 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 generally accepted 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 Utah High School 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 Utah High School 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule I – Statement of Revenues and Expenses from Sponsored Activities 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haynie & Company

San Antonio, TX
August 18, 2021

Financial Statements

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Statement of Financial Position
As of June 30, 2021

ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 1,538,290
Accounts Receivable, Net	6,576
Prepaid Expenses	46,804
Inventory	15,325
Total Current Assets	1,606,995
Property and Equipment, Net	616,535
TOTAL ASSETS	\$ 2,223,530
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 74,944
Accrued Expenses	218
Current Portion of PPP Loan	31,541
Total Current Liabilities	106,703
Non-Current Liabilities	
PPP Loan, Less Current Portion	129,367
Total Liabilities	236,070
Net Assets	
Without Donor Restrictions	1,987,460
With Donor Restrictions	-
Total Net Assets	1,987,460
TOTAL LIABILITIES AND NET ASSETS	\$ 2,223,530

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

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses and Other Support:			
Sponsored Activities	\$ 1,264,350	\$ -	\$ 1,264,350
Activity Fees	116,680	-	116,680
Annual Dues	38,500	-	38,500
Athletic Passes	160,065	-	160,065
Official Arbiting	117,980	-	117,980
Official's Fees	74,760	-	74,760
Books and Supplies	483	-	483
Interest	7,823	-	7,823
Corporate Sponsorships	380,500	-	380,500
Foundation Game Revenue	71,056	-	71,056
Coaches & Officials Training	53,968	-	53,968
Wrestling Weight Management	46,990	-	46,990
Other	32,326	-	32,326
Licensing	62,429	-	62,429
Vendors	300	-	300
PPP Loan Forgiveness	100,500	-	100,500
Total Revenues, Gains, Losses and other Support	<u>2,528,710</u>	<u>-</u>	<u>2,528,710</u>
Expenses:			
Program Services	2,191,154	-	2,191,154
Supporting Services	283,041	-	283,041
Total Program and Supporting Services	<u>2,474,195</u>	<u>-</u>	<u>2,474,195</u>
Title IX Litigation Expense	529,630	-	529,630
Charitable Donation - UHSA Foundation	71,056	-	71,056
Total Expenses	<u>3,074,881</u>	<u>-</u>	<u>3,074,881</u>
Change in Net Assets	(546,171)	-	(546,171)
Beginning Net Assets	2,533,631	-	2,533,631
Ending Net Assets	<u>\$ 1,987,460</u>	<u>\$ -</u>	<u>\$ 1,987,460</u>

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

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021

Expense	Program Services	Supporting Services	Total
Sponsored Activities	\$ 750,563	\$ -	\$ 750,563
Salaries and Wages	592,375	130,033	722,408
Payroll Taxes and Benefits	180,566	39,636	220,202
Insurance	189,576	33,455	223,030
Consulting	22,890	20,465	43,355
Legal	48,000	12,000	60,000
Office Expense	25,518	4,503	30,021
Automobile	18,810	-	18,810
Awards	81,835	-	81,835
Meetings Expense	-	23,105	23,105
Depreciation	32,949	5,814	38,763
Miscellaneous	-	5,163	5,163
Repairs and Maintenance	4,546	802	5,348
National Federation	33,713	-	33,713
Supplies	7,225	1,275	8,500
Telephone, Internet and Utilities	38,469	6,789	45,258
Clinics and Training	74,296	-	74,296
Arbiting Expense	89,825	-	89,825
Total	\$ 2,191,154	\$ 283,041	\$ 2,474,195

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

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows From Operating Activities:

Change in Net Assets	\$	(546,171)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used For Operating Activities:		
Depreciation		38,763
PPP Loan Forgiveness Income (round 1)		(100,500)
(Increase) Decrease in Operating Assets		
Accounts Receivable		1,058
Prepaid Expenses		(19,702)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		15,319
Accrued Liabilities		121
		(611,112)

Cash Flows From Investing Activities:

Cash paid for property and equipment		(9,890)
		(9,890)

Cash Flows From Financing Activities:

Proceeds from PPP Loan (round 2)		160,908
		160,908
Decrease In Cash and Cash Equivalents		
		(460,094)
Cash and Cash Equivalents at Beginning Of Year		
		1,998,384
Cash and Cash Equivalents at End of Year		
	\$	1,538,290

Supplemental Disclosures of Cash Flow Information:

Interest Paid	\$	-
Income Taxes Paid	\$	-

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

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

1. Nature of the Organization and Summary of Significant Accounting Policies

The Reporting Entity

Utah High School Activities Association, Inc. (the “Association”) was incorporated in 1927 as a not-for-profit corporation. The mission is to stress educational and cultural values, improve the participation experience in activities, promote life skills and lessons involved in competing activities, fostering sportsmanship and mutual respect and assist those who oversee high school sports and activities within the UHSAA member high schools.

Utah High School Activities Association is the leadership organization for high school athletic and fine arts activities in Utah. The Association reaches 155 member schools and nearly 100,000 participants in high school activity programs.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America

Net Assets

Under provisions elected, net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Association’s policy is to record revenues in which restrictions are met in the same period as unrestricted revenue for programs and other revenue. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. They may be used in performing the primary objectives of the Association at the discretion of management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

1. Nature of the Organization and Summary of Significant Accounting Policies (Cont.)

Accounts Receivable

Accounts receivable is reported at outstanding principal, net of an allowance for doubtful accounts. The allowance is generally determined based on an account-by-account review of historical trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. Interest is not charged on the receivable. Management deems all accounts receivable fully collectible and has elected not to record an allowance for doubtful accounts for the year ended June 30, 2021.

Prepaid Expenses

The prepaid expenses account totaling \$46,804 for the year ended June 30, 2021 are comprised of prepaid insurance and prepaid payroll taxes.

Inventory

Inventory consists of books purchased for the school year. Inventory of books is recorded at cost using the first-in first-out method.

Compensated Absences

Employees of the Association are entitled to paid time off depending on length of service and other factors. The Association cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the cost of compensated absences when paid to employees.

Property and Equipment

All acquisitions of property and equipment with extended useful lives in excess of five years and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and Improvments	7 - 39 Years
Leasehold improvements	15 - 39 Years
Furniture and equipment	5 - 7 Years

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

**1. Nature of the Organization and Summary of Significant Accounting Policies
(Continued)**

Restricted Contributions

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, satisfaction of program restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of net assets without donor restrictions.

Donated Services

Donated services can include the limited participation of many individuals in program or supporting services to the Association. In order for donated services to be reported in the financial statement, specific criteria must be met. Based on the criteria, the Association does not have any recordable donated services.

Revenue and Cost Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-9, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Association adopted this new revenue recognition standard along with its related amendments on July 1, 2020 with retrospective application. The adoption of the new standard resulted in no adjustment to net assets.

The Association determines revenue recognition by: (1) identifying the contract with the customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, the Association satisfies performance obligations by transferring the promised goods or services. Performance obligations are met by the Association at events held by the high schools thus revenue is not recognized until the event takes place.

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

1. Nature of the Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Association has qualified as a tax-exempt organization under the U.S. Internal Revenue Code (IRC) Section 501(c)(3). The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association is not a private foundation.

The Association's Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax (Form 990-T) are subject to examination by the Internal Revenue Service, generally three to four years after the returns are filed.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended June 30, 2021, approximately 89% of costs have been allocated to program services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Concentration of Credit Risk

Bank balances are insured up to the Federal Depository Insurance Corporation (FDIC) limit of \$250,000. At June 30, 2021, the Association's bank demand deposit balances maintained at two banks totaled \$125,819. At times, balances deposited with these financial institutions may exceed FDIC coverage; however, the Association has not experienced any historical losses as a result of this risk. Management believes it is not exposed to any significant risk on cash accounts.

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

3. Funds Deposited with Utah Public Treasurer’s Investment Fund

Discretionary funds have been deposited with the State Treasurer’s office where funds earn a market rate of interest. During the year ended June 30, 2021, the investment earned \$7,823 in interest and the account had a total value of \$1,412,471. The fund is not covered by FDIC Insurance, but is authorized by the Utah Money Management Act.

4. Significant Revenue Source

The Association receives revenue from ticket sales for high school events totaling \$1,264,350 for the year ended June 30, 2021. Revenue from ticket sales is recorded as Sponsored Activities in the Statement of Activities.

5. Corporate Sponsorships

The Association has received donations from companies in a program of corporate sponsorships wherein funds are used to help support high school activities. These numbers also include fees charged for broadcasting rights. During the year ended June 30, 2021, the Association raised \$380,500.

6. Property and Equipment

Property and equipment are as follows as of June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Property				
Land	\$ 9,633	\$ -	\$ -	\$ 9,633
Total Non-Depreciable Property	<u>9,633</u>	<u>-</u>	<u>-</u>	<u>9,633</u>
Depreciable Property and Equipment				
Building Improvements	12,528	2,561	-	15,089
Furniture & Equipment	281,585	7,329	-	288,914
Buildings	1,170,971	-	-	1,170,971
Total Depreciable Property and Equipment	<u>1,465,084</u>	<u>9,890</u>	<u>-</u>	<u>1,474,974</u>
Less Accumulated Depreciation				
Building Improvements	(5,457)	(450)	-	(5,907)
Furniture & Equipment	(266,032)	(8,288)	-	(274,320)
Buildings	(557,820)	(30,025)	-	(587,845)
Total Accumulated Depreciation	<u>(829,309)</u>	<u>(38,763)</u>	<u>-</u>	<u>(868,072)</u>
Total Property and Equipment, Net	<u>\$ 645,408</u>	<u>\$ (28,873)</u>	<u>\$ -</u>	<u>\$ 616,535</u>

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

7. Paycheck Protection Program

In April 2020, the Association received a loan in the amount of \$100,500 under the Payroll Protection Program (PPP Loan). The loan carried an interest at a rate of 1% with a maturity date of one year. Payments were to be deferred during the Deferral Period. The Deferral Period is the period beginning on the date of the Note and ending 6 months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program would be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the Maturity Date. Additionally, any accrued interest that was not forgiven under the Program would be due on the First Payment Date, which is the 30th of the month following the month in which the Deferral Expiration Date occurs.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act of 2021, proceeds may only be used for the Association's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement.

The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. All the proceeds of the PPP Loan were used by the Association to pay eligible payroll costs and the Association maintained its headcount and otherwise complied with the terms of the PPP Loan. Effective December 21, 2020, the Association obtained forgiveness of the \$100,500 loan.

On January 30, 2021, the Association obtained an additional \$160,908 as part of round 2 of the Program. The loan terms are substantially the same as described above for round 1. As of August 18, 2021, the Association had not obtained forgiveness of the loan but believes it will ultimately be forgiven. In the meantime, the loan is recorded in the accompanying statement of financial position and classified between current and long-term as follows:

Current Portion of PPP Loan	\$	31,541
PPP Loan, Less Current Portion		129,367
	\$	<u>160,908</u>

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

8. COVID-19 Impact

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The pandemic and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Association operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Association.

9. Functional Expenses

The Association provides support and recreational activities for member high schools to promote social, health and educational development. The methods of allocating expenses related to providing these services are as follows:

Category	Method of Allocation
Sponsored Activities	Allcoate to programs
Salaries and Wages	Allocate by staff functional assignment
Payroll Taxes and Benefits	Allocate by staff functional assignment
Insurance	Allocate by building operations
Consulting	Allcoate to programs
Office Expense	Allocate by building operations
Automobile	Allcoate to programs
Awards	Allcoate to programs
Meetings Expense	Allocate to administration
Depreciation	Allocate by building operations
Miscellaneous	Allocate to administration
Repairs and Maintenance	Allocate by building operations
National Federation	Allcoate to programs
Supplies	Allocate by building operations
Telephone, Internet and Utilities	Allocate by building operations
Clinics and Training	Allcoate to programs
Arbiting Expense	Allcoate to programs

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

10. Liquidity and Availability

The Association manages liquidity needed for operations primarily through budgeted cash inflows and outflows. Cash inflows can be easily estimated since they are comprised mostly of ticket sales, contracts, fees, and sponsorships. Cash outflows are planned accordingly so as not to exceed those expected inflows. Excess operating cash is on hand in the event of unexpected outflows or for use as a source of investment funds

11. Utah Retirement Systems

The Association participates in the Utah Retirement Systems Public Employees Noncontributory Retirement System and Tier 2 Public Employees Contributory Retirement System (the “Systems”). Under the Systems, all eligible plan participants and the Association are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees over the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
112 State School Div - Tier 2	N/A	19.13	0.89
Noncontributory System			
16 State School Div - Tier 1	N/A	22.19	1.50
Tier 2 DC Only			
212 State and School	N/A	10.02	10.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 127,236	N/A
Tier 2 Public Employees System	16,409	-
Total Contributions	\$ 143,644	\$ -

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

As of June 30, 2021, the Systems reported a net pension asset of \$0 and a net pension liability of \$256,883

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

12. Donation to UHSA Foundation

For the past several years the Association has collected funds from designated football and basketball games played by each of the high schools known as foundation games. The schools and the Association would share the proceeds from ticket sales of these games and the intent of the Association was to use these funds for some type of charitable purpose to benefit the students at Utah high schools. A goal was established, and monies were accumulated as they were collected and set aside in a separate bank account until the goal was achieved. Up to that point no specific plan for the use of the funds had been designated. Although many options were discussed. When the goal was finally reached it was determined by the board of trustees that a charitable foundation should be established to accommodate the charitable purposes for which these funds had been collected. IRS approval for the foundation was finally granted in the 2010 fiscal year and beginning with the 2011 fiscal year, the board of trustees approved using the funds collected to fund the foundation. The Utah High School Activities Association Foundation is a separate legal entity with a separate governing board, unrelated to the Activities Association. All decisions regarding the use of the funds within the Foundations are made by its governing board and are outside the control of the Activities Association. During the 2021 fiscal year, the Association donated \$71,056 to the Foundation, which represents monies received from the current year's foundation games. These amounts have been recorded as an expense in the statement of activities.

13. New Accounting Pronouncements

In June 2020 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which is a limited deferral of the effective dates of ASU 2014-09, *Revenue from Contracts with Customers* Topic (606) and ASU 2016-06, *Leases* (Topic 842). This ASU was issued to provide immediate near-term relief for certain entities whom these updates are either currently effective or immediately effective, as a direct result of the COVID-19 pandemic impacting the globe. The Association would have been required to implement ASU 2014-09 effective January 1, 2019, had they not elected to defer implementation under ASU 2020-05. The Association has adopted ASU 2014-09 as of July 1, 2020. The Association is not required to adopt ASU 2016-06 until fiscal year beginning July 1, 2022. The Association is still in the process of evaluating the impact of ASU 2016-06.

14. Title IX Litigation

In 2017 a group of students and their parents filed a lawsuit against the Association and three school districts for violation of title IX or the Equal Protection Clause in the U.S. Constitution by not offering a separate football team for girls. In February 2021, a U.S. District Court Judge ruled in favor of the Association and the three school districts and dismissed the lawsuit. During the fiscal year ended June 30, 2021, the Association incurred legal costs totaling \$589,630. Of this amount \$529,630 represents costs incurred to defend the Association in the lawsuit, and \$60,000 represents the retainer for ongoing legal services.

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

15. Subsequent Events

Subsequent events have been evaluated through August 16, 2021, which is the date these financial statements were available to be issued.

Supplementary Information

UTAH HIGH SCHOOL ACTIVITIES ASSOCIATION, INC.
Schedule I – Statement of Revenues and Expenses from Sponsored Activities
For the Year Ended June 30, 2021

	Revenues June 30, 2021	Expenses June 30, 2021	Excess
<u>Sponsored Activities:</u>			
Basketball	\$ 266,305	\$ 115,411	\$ 150,894
Football	197,180	73,625	123,555
Wrestling	43,480	62,862	(19,382)
Baseball	174,270	72,305	101,965
Volleyball	55,230	32,772	22,458
Swimming	-	29,192	(29,192)
Track	103,390	51,323	52,067
Drill Team	109,370	80,607	28,763
Soccer	155,495	67,909	87,586
Softball	62,385	30,637	31,748
Forensics	-	24,458	(24,458)
Music	-	10,034	(10,034)
Speech & Drama	-	24,313	(24,313)
Golf	-	6,570	(6,570)
Cross Country	-	21,675	(21,675)
Lacrosse	44,270	13,232	31,038
Tennis	52,975	33,639	19,336
	<u>\$ 1,264,350</u>	<u>\$ 750,564</u>	<u>\$ 513,786</u>

See Independent Auditor's Report