



AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
JUNE 30, 2025

COOPER, TRAVIS & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2025

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Independent Auditors' Report

To the Board of Control
Tennessee Secondary School Athletic Association
Hermitage, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee Secondary School Athletic Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Tennessee Secondary School Athletic Association as of June 30, 2025, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tennessee Secondary School Athletic 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.

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 Tennessee Secondary School Athletic Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

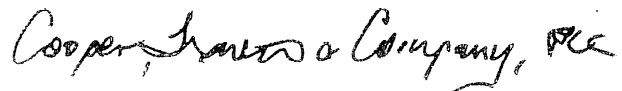
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 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 Tennessee Secondary School Athletic 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 Tennessee Secondary School Athletic 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.



Cooper, Travis & Company, PLC
Certified Public Accountants

Nashville, Tennessee
August 12, 2025

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,426,646
Marketable securities	5,998,554
Accounts receivable	324,030
Prepaid expenses	<u>71,512</u>
Total current assets	<u>8,820,742</u>

Property and Equipment

Land	35,576
Building and improvements	706,058
Vehicles	305,032
Furniture and equipment	252,045
Hall of Champions exhibit	245,482
Construction in progress	<u>286,221</u>
Total property and equipment - at cost	1,830,414
Accumulated depreciation	<u>(1,249,855)</u>
Total property and equipment - net	<u>580,559</u>
 Total assets	 <u><u>\$ 9,401,301</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 158,148
Employee withholdings	<u>7,266</u>
Total current liabilities	<u>165,414</u>

Net Assets

Net assets without donor restrictions	<u>9,235,887</u>
 Total liabilities and net assets	 <u><u>\$ 9,401,301</u></u>

See independent auditors' report and the accompanying
notes to financial statements.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Assets Without Donor Restrictions

Operating Revenues and Gains:

Sport programs	\$ 4,118,512
Sponsorships and merchandising	1,626,317
Membership dues and fees	1,587,870
Investment income	484,525
Other revenue	<u>913,252</u>

Total operating revenues and gains	<u>8,730,476</u>
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Operating Expenses:

Program services	5,924,914
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Supporting services - General and administrative	<u>911,405</u>
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Total operating expenses	<u>6,836,319</u>
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Increase in net assets without donor restrictions	1,894,157
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Net assets at July 1, 2024	<u>7,341,730</u>
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Net assets at June 30, 2025	<u><u>\$ 9,235,887</u></u>
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See independent auditors' report and the accompanying
notes to financial statements.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Supporting Services	Total Expenses
	Direct Costs	Allocated Expenses	Total	General and Administrative	
<u>Expenses</u>					
Event operations	\$ 2,369,696	\$ -	\$ 2,369,696	\$ -	\$ 2,369,696
Athletic directors conference	-	5,000	5,000	-	5,000
Award events	-	50,049	50,049	-	50,049
Board of Control	-	76,539	76,539	-	76,539
Building operations/maintenance	-	-	-	54,356	54,356
Car expense	-	14,344	14,344	6,148	20,492
Depreciation	-	-	-	50,682	50,682
National Federation	-	150,185	150,185	-	150,185
Insurance	-	1,007,203	1,007,203	105,977	1,113,180
Investigations	-	1,526	1,526	-	1,526
Legal and professional	-	80,032	80,032	34,299	114,331
Legislative council	-	39,774	39,774	-	39,774
Miscellaneous	-	-	-	1,000	1,000
Office expense	-	47,303	47,303	20,273	67,575
Payroll taxes	7,064	87,669	94,733	37,572	132,305
Postage	-	30,348	30,348	13,006	43,354
Printing	-	24,419	24,419	-	24,419
Rebates to schools	-	177,250	177,250	-	177,250
Retirement benefits	9,234	109,681	118,915	47,006	165,921
Salaries	92,339	1,157,011	1,249,350	495,862	1,745,212
Special meetings	-	5,420	5,420	-	5,420
State legislature/lobby	-	121,150	121,150	-	121,150
Student advisory committee	-	5,690	5,690	-	5,690
Supervision of officials-basketball	-	69,707	69,707	-	69,707
Supervision of officials-football	-	55,398	55,398	-	55,398
Supervision of officials-other	-	24,536	24,536	-	24,536
Telephone	-	23,057	23,057	9,881	32,938
TSSAA News	-	825	825	-	825
TSSAA web site and technology	-	39,313	39,313	16,849	56,162
Travel	-	43,153	43,153	18,494	61,647
	<u>\$ 2,478,333</u>	<u>\$ 3,446,581</u>	<u>\$ 5,924,914</u>	<u>\$ 911,405</u>	<u>\$ 6,836,319</u>

See independent auditors' report and the accompanying
notes to financial statements.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities:	
Cash received	\$ 8,183,558
Cash paid to employees and vendors	(6,805,743)
Interest and dividend income	390,643
Net cash provided by operating activities	<u>1,768,458</u>
Cash flows from investing activities:	
Purchase of marketable securities	(1,372,965)
Payments to purchase property and equipment	(372,177)
Proceeds from disposition of property and equipment	19,400
Net cash used for investing activities	<u>(1,725,742)</u>
Net increase in cash	42,716
Cash and cash equivalents at July 1, 2024	<u>2,383,930</u>
Cash and cash equivalents at June 30, 2025	<u><u>\$ 2,426,646</u></u>
Reconciliation of change in net assets to net cash provided by operating activities	
Increase in net assets	<u>\$ 1,894,157</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	50,682
Realized gains on investments	(24,760)
Unrealized gains on investments	(69,122)
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(62,393)
(Increase) decrease in prepaid expenses	(18,775)
Increase (decrease) in accounts payable	(3,940)
Increase (decrease) in employee withholdings	2,609
Total adjustments	<u>(125,699)</u>
Net cash provided by operating activities	<u><u>\$ 1,768,458</u></u>

Supplemental schedule of noncash investing and financing activities: None

See independent auditors' report and the accompanying notes to financial statements.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies

Association Activity

The Association is comprised of member secondary and middle schools of Tennessee. The Association provides leadership and coordinates the administration of interscholastic athletics among member schools.

Basis of Accounting

The accompanying financial statements have been prepared in compliance with generally accepted accounting principles in the United States ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

Basis of Presentation

In accordance with ASU 2016-14, the Association classifies net assets as follows:

Net assets without donor restrictions: Amounts that are not subject to usage restrictions based on donor-imposed requirements.

Net assets with donor restrictions: Amounts subject to usage limitations based on donor-imposed or grantor restrictions.

At June 30, 2025, all net assets of the Association were considered to be net assets without donor restrictions.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Although management believes the estimates that have been used are reasonable and are continually evaluated based on available information and experiences, actual results could vary from the estimates that were used, and those variances could be significant. Any such changes in estimates are accounted for prospectively.

Financial Instruments - Credit Losses

The Association accounts for credit losses under Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, and subsequent amendments (as codified in ASC Topic 326.) Financial assets held by the Association that are subject to ASU 2016-13 include trade accounts receivable. ASC 326 requires recognition of credit losses based upon expected lifetime losses when a financial asset is originated or acquired. Under this model, credit losses are recognized when expected based on historical experience, current conditions, and reasonable and supportable forecasts.

The Association's methodology is based on a historical aging schedule analysis for trade receivables adjusted qualitatively for current conditions and supportable expectations of future inflation and unemployment rates. These amounts are re-valuated on a regular basis as additional information is received. Actual write-offs are charged against the allowance for credit losses when collection efforts have been unsuccessful, and the allowance is increased for recoveries of amounts previously written off.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Continued

Revenue Recognition

ASC Topic 606. The Association accounts for revenue under provisions of ASC Topic 606, *Revenue from Contracts with Customers* which establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services.

Revenue Measurement Method. Revenue from membership dues, which is nonrefundable, is recognized when billed. Sponsorship revenue is recognized at the point in time when the contract terms have been met. Revenue from all other significant sources is recognized at the point in time when the associated performance obligation is satisfied, or when ownership, risks and rewards transfer.

Accounts Receivable. Accounts receivable, net of allowance for credit losses, are recognized when the right to consideration is unconditional and the Association is contractually permitted to bill. A considerable amount of judgement is required in assessing the likelihood of realization of receivables.

Cash and Cash Equivalents

Management considers all highly liquid interest-bearing investments with a maturity of three months or less at the date of purchase to be cash equivalents. The fair value of these investments approximate their carrying values.

Short-Term Investments

In general, investments with original maturities greater than three months with remaining maturities of less than one year are classified as short-term investments. Investments, such as certificates of deposit, with remaining maturities greater than one year may be classified as short-term based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations.

Fair Value of Financial Assets and Liabilities and Hierarchy

ASC 820-10 clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value. Fair value is the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Continued

ASC 820-10 requires giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3) when measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Financial Instruments

A financial instrument is any contract that creates a financial asset for one entity and a financial liability for, or ownership interest in, another entity.

Financial instruments consist primarily of cash and cash equivalents, investments, accounts receivable, certain other assets, accounts payable, and certain accrued expenses. The carrying values of cash, accounts receivables, and accounts payables are representative of their respective fair values, primarily because of the short maturity of these instruments. The method for measuring investments is described in the applicable accounting policy note.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Association's ability to collect the amounts due from customers is affected by economic and market fluctuations in the geographic areas in which the Association operates.

Upon the initial recognition of accounts receivable, the Association provides an allowance for expected credit losses based on an estimate of credit impairment over the collective contractual terms of the receivables. Accounts receivable are presented on the balance sheet net of any material allowance for credit losses.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets because the Association believes the straight-line method best approximates the service provided by the property and equipment. At the time that an asset or an asset group meets the held-for-sale criteria as defined by ASC Topic 360, *Property, Plant, and Equipment*, the asset is written down to fair value less cost to sell, if the fair value is below the carrying value. The cost of property and equipment sold or otherwise disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operating income for the period.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Continued

The following schedule reflects the estimated useful lives being used for the computation of depreciation expense:

	<u>Estimated Useful Life</u>
Building and improvements	7 - 30 years
Vehicles	5 years
Furniture and equipment	5 to 7 years
Hall of Champions exhibit	10 years

Depreciation expense was \$50,682 for the year ended June 30, 2025.

The carrying values of property and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amount may not be fully recoverable. In performing this review for recoverability, property and equipment is assessed for possible impairment by comparing its carrying values to its undiscounted net cash flows expected to result from the use of the asset. Impaired assets are written down to its fair values, generally determined based on its estimated future discounted cash flows. No impairment of property and equipment was recognized for the year ended June 30, 2025.

Income Taxes

The Association is ordinarily exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements.

Donated Services

The Association receives a variety of services from individuals supporting the Association's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Uncertain Tax Positions

Management has concluded that there are no uncertain tax positions that would require recognition in the accompanying financial statements. If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. If the Association were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes.

Expense Allocation

The costs that can be directly assigned to various programs and other activities have been included in the Statement of Activities as program expenses. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain general and administration expenses have been allocated to program services. The expenses incurred for the sole benefit of program services have been allocated in full to program services. These expenses include athletic directors conference, award events, Board of

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Continued

Control, National Federation, catastrophic and officials' insurance, investigations, legislative council, printing, rebates to schools, special meetings, state legislature/lobby, student advisory committee, supervision of officials and publications. Seventy percent of all remaining general and administrative expenses, except building operations, depreciation and miscellaneous, have been allocated to program expenses based on the estimate of employee time and effort assigned to program activities.

Compensated Absences

Employees of the Association are entitled to paid vacation, personal, and sick days off, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been reported in the accompanying financial statements. The Association's policy is to recognize the cost of compensated absences when paid to employees.

Management's Review of Subsequent Events

The Association's management has performed a review of subsequent events through the date of the audit report, which is the date these financial statements were available to be issued.

Note 2 - Marketable Securities

Investment in marketable securities consists primarily of equities, mutual funds and bonds, valued at market using Level 1 inputs. At June 30, 2025, the securities had a market value of \$5,998,554 and a cost of \$5,733,999. Realized and unrealized gains (losses) are reflected in the accompanying statement of activities as a component of investment income as follows:

Realized gains	\$24,760
Unrealized gains	<u>69,122</u>
	<u>\$93,882</u>

Note 3 - Accounts Receivable

The beginning and ending accounts receivable from contracts were as follows:

<u>July 1, 2024</u>	<u>June 30, 2025</u>
<u>\$261,637</u>	<u>\$324,030</u>

Note 4 - Pension and Retirement Plans

General Information about the Pension Plan

Plan Description. Employees of Tennessee Secondary School Athletic Association (TSSAA) are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 – Continued

Benefits Provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered By Benefit Terms. At the measurement date of June 30, 2024, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>14</u>
Total employees	<u>25</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. TSSAA is required to make minimum employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the minimum required contribution rate was 5.25%. TSSAA voluntarily elected to contribute 10% of covered payroll. Total contributions for the year were \$165,921. By law, employer contributions are required to be paid. The TCRS may intercept TSSAA's state shared taxes if required employer contributions are not remitted. The employer's ADC are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension Liabilities (Assets). TSSAA's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Actuarial Assumptions. The total pension liability as of the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation are based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from TSSAA will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	<u>\$8,986,463</u>	<u>\$9,238,485</u>	<u>(\$252,022)</u>
Changes for the year:			
Service cost	89,010	-	89,010
Interest	599,210	-	599,210
Differences between expected and actual experience	468,601	-	468,601
Changes in assumptions	-	-	-
Contributions - employer	-	151,839	(151,839)
Net investment income	-	889,849	(889,849)
Benefit payments, including refunds of employee contributions	(396,572)	(396,572)	-
Administrative expense	-	(2,019)	2,019
Net Changes	<u>760,249</u>	<u>643,097</u>	<u>117,152</u>
Balance at June 30, 2024	<u>\$9,746,712</u>	<u>\$9,881,582</u>	<u>(\$134,870)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of TSSAA calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
TSSAA's net pension liability (asset)	\$1,171,473	(\$134,870)	(\$1,220,560)

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense. For the year ended June 30, 2025, TSSAA recognized pension expense of \$215,267.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, TSSAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 860,528	\$ 69,318
Net difference between projected and actual earnings on pension plan investments	-	100,060
Changes in assumptions	156,710	-
Contributions subsequent to the measurement date of June 30, 2024	<u>165,921</u>	<u>-</u>
Total	<u>\$1,183,159</u>	<u>\$169,378</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2024,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2026	\$129,675
2027	\$413,362
2028	\$168,757
2029	\$136,068
2030	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2025, TSSAA had no outstanding contributions to the pension plan required for the year ended June 30, 2025.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios*
Based on Participation in the Public Employee Pension Plan of TCRS
Years Ending June 30,

	<u>2024</u>
Total Pension Liability	
Service cost	\$ 89,010
Interest	599,210
Differences between actual and expected experience	468,601
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(396,572)</u>
Net change in total pension liability	760,249
Total pension liability - beginning	<u>8,986,463</u>
 Total pension liability - ending (a)	 <u><u>\$9,746,712</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 151,839
Net investment income	889,849
Benefit payments, including refunds of employee contributions	(396,572)
Administrative expense	<u>(2,019)</u>
Net change in plan fiduciary net position	643,097
Plan fiduciary net position - beginning	<u>9,238,485</u>
 Plan fiduciary net position - ending (b)	 <u><u>\$9,881,582</u></u>
 Net Pension Liability (Asset) - ending (a) - (b)	 <u><u>(\$134,870)</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 101.38%
 Covered payroll	 \$1,525,153
 Net pension liability (asset) as a percentage of covered-employee payroll	 (8.84%)

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from prior audits.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Schedule of Contributions*
Based on Participation in the Public Employee Pension Plan of TCRS
Years Ending June 30,

	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 48,437	\$ 87,108
Contributions in relation to the actuarially determined contribution	<u>151,839</u>	<u>165,921</u>
Contribution deficiency (excess)	<u>(\$103,402)</u>	<u>(\$78,813)</u>
Covered payroll	\$1,518,390	\$1,659,207
Contributions as a percentage covered-employee payroll	10%	10%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from prior audits.

Notes to Schedule

Valuation Date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decrease inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 4 - Continued

Retirement Plan-401(k)

TSSAA also has a 401(k) plan covering all employees. All contributions are voluntary employee contributions. TSSAA makes no contributions to the plan. Employees are eligible to participate in the plan upon employment. Participating employees elect a percentage to contribute, not to exceed federal regulations.

Note 5 - Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents, short-term marketable securities, long-term mutual fund investments and unsecured accounts receivable.

The Association's bank cash balances may at times exceed federally insured amounts. The Association believes that cash accounts are held with high quality financial institutions which limits its risks. Investments held by a broker are protected against physical loss by the Securities Investor Protection Corporation. Though the market value of investments is subject to fluctuation, management believes the Association's investment policies are prudent and will limit the risks.

The Association provides services to its members and receives sponsorship from local businesses. The Association's ability to collect amounts due from members and sponsors is affected by economic and market fluctuations in this geographic region.

Note 6 - Litigation

TSSAA is not presently involved in any substantial litigation.

Note 7 - Availability of Financial Assets

At June 30, 2025, the Association has \$8,749,230 of financial assets available to meet cash needs for general expenditures. Available financial assets consist of cash and cash equivalents of \$2,426,646, marketable securities of \$5,998,554 and receivables of \$324,030. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Association typically maintains cash to cover at least 30 days of general and administrative expenditures in the operating cash account. On average, monthly general and administrative expenditures are approximately \$363,000. Cash in excess of the amount needed to be maintained in the operating account is invested in various short-term investments, including certificates of deposit and marketable securities.

Note 8 - 2025- 2026 Budget

An operating budget of \$5,713,000 for the fiscal year ended June 30, 2026 has been proposed to the Board of Control.

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**LICENSED IN TENNESSEE, GEORGIA AND FLORIDA

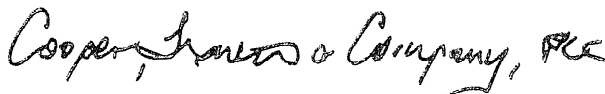
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Independent Auditors' Report on Supplementary Information

Board of Control
Tennessee Secondary School Athletic Association
Hermitage, Tennessee

We have audited the financial statements of Tennessee Secondary School Athletic Association as of and for the year ended June 30, 2025 and our report thereon dated August 12, 2025, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the accompanying Schedules I - IV is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary 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 supplementary 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.



Cooper, Travis & Company, PLC
Certified Public Accountants

Nashville, Tennessee
August 12, 2025

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE I - ANALYSIS OF NET REVENUE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Gross Revenue</u>	<u>Program Expenses</u>	<u>Net Revenue</u>
Baseball	\$ 95,102	\$ 13,525	\$ 81,577
Baseball and softball - middle school	11,203	13,766	(2,563)
Basketball - high school	1,334,295	511,412	822,883
Basketball - middle school	83,539	33,654	49,885
Basketball, baseball officials camps	3,590	70	3,520
Bowling	23,507	16,077	7,430
Building fund benefit games	2,000	-	2,000
Cheerleading coaches conference	11,275	9,373	1,902
Cheerleading/dance competition	143,389	64,423	78,966
Coaches education program	378,080	-	378,080
Cross country meet - high school	42,659	25,265	17,394
Cross country meet - middle school	41,675	19,094	22,581
Fines and penalties assessed	189,194	-	189,194
Flag football - girls	32,286	23,221	9,065
Football playoffs	912,005	186,219	725,786
Golf tournament	65,929	50,931	14,998
Hall of Champions games	186,550	36,735	149,815
Investment income	484,525	-	484,525
Lacrosse - boys	34,777	13,903	20,874
Lacrosse - girls	20,413	10,548	9,865
Membership dues - high school	89,350	-	89,350
Membership dues - middle school	75,060	22,414	52,646
Miscellaneous (cell tower)	16,694	-	16,694
NFHS Network	259,419	-	259,419
Non-faculty coaches	495,385	-	495,385
Officials dues	498,232	131,368	366,864
Catastrophic insurance supplement	383,643	-	383,643
Soccer - boys	42,107	10,612	31,495
Soccer - girls	93,287	56,599	36,688
Special Olympics position	55,000	-	55,000
Softball	53,341	13,589	39,752
Sponsorships and merchandising	1,437,767	462,273	975,494
Spring Fling	520,568	294,411	226,157
Tennis	-	12,901	(12,901)
Tennessee Interscholastic Ath Admin Assoc	46,200	46,200	-
Track meet - high school	8,073	3,529	4,544
Track meet - middle school	54,959	29,609	25,350
Volleyball - high school	198,870	90,155	108,715
Volleyball - middle school	26,825	23,409	3,416
Wrestling tournament - high school	175,404	166,128	9,276
Wrestling tournament - middle school	18,183	12,837	5,346
Wrestling - weight management	86,116	74,083	12,033
	<u>\$ 8,730,476</u>	<u>\$ 2,478,333</u>	<u>\$ 6,252,143</u>

See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

Athletic directors conference	\$ 5,000
Award events	50,049
Board of Control	76,539
Building operations/maintenance	54,356
Car expense	20,492
Depreciation	50,682
National Federation	150,185
Insurance	1,113,180
Investigations	1,526
Legal and professional	114,331
Legislative council	39,774
Miscellaneous	1,000
Office expense	67,575
Payroll taxes	125,241
Postage	43,354
Printing	24,419
Rebates to schools	177,250
Retirement benefits	156,687
Salaries	1,652,873
Special meetings	5,420
State legislature/lobby	121,150
Student advisory committee	5,690
Supervision of officials - basketball	69,707
Supervision of officials - football	55,398
Supervision of officials - other	24,536
Telephone	32,938
TSSAA News	825
TSSAA web site and technology	56,162
Travel	61,647
	<hr/>
	\$ 4,357,986
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See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE III - ACTUAL VS. BUDGETED REVENUE
FOR THE YEAR ENDED JUNE 30, 2025

	2024-2025	2024-2025	Over	2025-2026
	<u>Budget</u>	<u>Actual</u>	(Under)	<u>Budget</u>
Baseball	\$ 80,000	\$ 81,577	\$ 1,577	\$ 80,000
Baseball and softball - middle school	6,000	(2,563)	(8,563)	5,000
Basketball - high school	900,000	822,883	(77,117)	800,000
Basketball - middle school	42,000	49,885	7,885	50,000
Basketball, baseball officials camps	3,000	3,520	520	3,000
Bowling	8,000	7,430	(570)	8,000
Building fund benefit games	-	2,000	2,000	10,000
Cheerleading coaches conference	5,000	1,902	(3,098)	2,000
Cheerleading/dance competition	75,000	78,966	3,966	80,000
Coaches education program	310,000	378,080	68,080	350,000
Cross country meet - high school	17,000	17,394	394	15,000
Cross country meet - middle school	22,000	22,581	581	22,000
Fines and penalties assessed	120,000	189,194	69,194	170,000
Flag football - girls	-	9,065	9,065	10,000
Football playoffs	700,000	725,786	25,786	700,000
Golf tournament	18,000	14,998	(3,002)	15,000
Hall of Champions games	60,000	149,815	89,815	150,000
Investment income	50,000	484,525	434,525	100,000
Lacrosse - boys	-	20,874	20,874	20,000
Lacrosse - girls	-	9,865	9,865	10,000
Membership dues - high school	90,000	89,350	(650)	425,000
Membership dues - middle school	55,000	52,646	(2,354)	275,000
Miscellaneous (cell tower)	16,000	16,694	694	16,000
Miscellaneous - middle school	-	-	-	30,000
NFHS Network	80,000	259,419	179,419	210,000
Non-faculty coaches	350,000	495,385	145,385	450,000
Officials dues	285,000	366,864	81,864	350,000
Catastrophic insurance supplement	320,000	383,643	63,643	-
Soccer - boys	25,000	31,495	6,495	25,000
Soccer - girls	35,000	36,688	1,688	35,000
Special Olympics position	55,000	55,000	-	55,000
Softball	40,000	39,752	(248)	40,000
Sponsorships and merchandising	757,000	975,494	218,494	900,000
Spring Fling	200,000	226,157	26,157	200,000
Tennis	(12,000)	(12,901)	(901)	(12,000)
Track meet - high school	(10,000)	4,544	14,544	5,000
Track meet - middle school	20,000	25,350	5,350	25,000
Volleyball - high school	95,000	108,715	13,715	105,000
Volleyball - middle school	5,000	3,416	(1,584)	4,000
Wrestling tournament -high school	15,000	9,276	(5,724)	10,000
Wrestling tournament- middle school	-	5,346	5,346	5,000
Wrestling - weight management	2,000	12,033	10,033	(40,000)
	<u>\$ 4,839,000</u>	<u>\$ 6,252,143</u>	<u>\$ 1,413,143</u>	<u>\$ 5,713,000</u>

See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE IV - ACTUAL VS. BUDGETED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	2024-2025 <u>Budget</u>	2024-2025 <u>Actual</u>	Over (Under) <u>Budget</u>	2025-2026 <u>Budget</u>
Operations:				
Athletic directors conference	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Award events	45,000	50,049	5,049	50,000
Board of Control	85,000	76,539	(8,461)	85,000
Building operations/maintenance	55,000	54,356	(644)	150,000
Car expense	20,000	20,492	492	22,000
Depreciation	45,000	50,682	5,682	60,000
National Federation	130,000	150,185	20,185	155,000
Insurance	1,175,000	1,113,180	(61,820)	1,191,000
Investigations	25,000	1,526	(23,474)	25,000
Legal and professional	175,000	114,331	(60,669)	275,000
Legislative council	21,000	39,774	18,774	40,000
Miscellaneous	1,000	1,000	-	1,000
Office expense	75,000	67,575	(7,425)	80,000
Payroll taxes	144,000	125,241	(18,759)	146,000
Postage	45,000	43,354	(1,646)	50,000
Printing	30,000	24,419	(5,581)	30,000
Rebates to schools	-	177,250	177,250	-
Retirement benefits	180,000	156,687	(23,313)	250,000
Salaries	1,800,000	1,652,873	(147,127)	1,900,000
Special meetings	12,000	5,420	(6,580)	30,000
State legislature/lobby	130,000	121,150	(8,850)	75,000
Student advisory committee	-	5,690	5,690	12,000
Supervision of officials-basketball	70,000	69,707	(293)	75,000
Supervision of officials-football	53,000	55,398	2,398	60,000
Supervision of officials-other	21,000	24,536	3,536	27,000
Telephone	35,000	32,938	(2,062)	37,000
TSSAA News	2,000	825	(1,175)	2,000
TSSAA web site and technology	40,000	56,162	16,162	60,000
Travel	70,000	61,647	(8,353)	70,000
	<u>4,489,000</u>	<u>4,357,986</u>	<u>(131,014)</u>	<u>4,963,000</u>
New building costs:				
Architectural designs/monthly reserve	<u>350,000</u>	<u>286,221</u>	<u>(63,779)</u>	<u>750,000</u>
	<u><u>\$ 4,839,000</u></u>	<u><u>\$ 4,644,207</u></u>	<u><u>\$ (194,793)</u></u>	<u><u>\$ 5,713,000</u></u>

See independent auditors' report on supplementary information.