TSSAA

AUDITED FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2026

COOPER, TRAVIS & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2026

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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, 2026, 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, 2026, 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

Cooper, Travis & Company, PLC
Certified Public Accountants

Nashville, Tennessee
August 17, 2026

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2026

ASSETS

Current Assets	
Cash and cash equivalents	$ 1,875,358
Marketable securities	4,712,762
Accounts receivable	261,305
Prepaid expenses	73,341
Total current assets	6,922,766
Property and Equipment	
Land	35,576
Building and improvements	706,058
Vehicles	301,875
Furniture and equipment	252,045
Hall of Champions exhibit	49,440
Construction in progress	4,137,097
Total property and equipment - at cost	5,482,091
Accumulated depreciation	(1,102,376)
Total property and equipment - net	4,379,715
Total assets	$ 11,302,481

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 810,004
Employee withholdings	23,918
Total current liabilities	833,922
Net Assets	
Net assets without donor restrictions	10,468,559
Total liabilities and net assets	$ 11,302,481

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, 2026

Net Assets Without Donor Restrictions	
Operating Revenues and Gains:	
Sport programs	$ 3,899,654
Sponsorships and merchandising	1,074,196
Membership dues and fees	1,722,394
Investment income	463,103
Other revenue	908,237
Total operating revenues and gains	8,067,584
Operating Expenses:	
Program services	5,807,575
Supporting services - General and administrative	1,027,337
Total operating expenses	6,834,912
Increase in net assets without donor restrictions	1,232,672
Net assets at July 1, 2025	9,235,887
Net assets at June 30, 2026	$ 10,468,559

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, 2026

	Program Services			Supporting Services	
	Direct Costs	Allocated Expenses	Total	General and Administrative	Total Expenses
Expenses					
Event operations	$ 2,096,900	$ -	$ 2,096,900	$ -	$ 2,096,900
Athletic directors conference	-	5,000	5,000	-	5,000
Award events	-	65,423	65,423	-	65,423
Board of Control	-	83,253	83,253	-	83,253
Building operations/maintenance	-	-	-	82,358	82,358
Car expense	-	18,060	18,060	7,740	25,800
Depreciation	-	-	-	61,152	61,152
National Federation	-	138,056	138,056	-	138,056
Insurance	-	1,011,374	1,011,374	112,422	1,123,795
Investigations	-	18,765	18,765	-	18,765
Legal and professional	-	100,554	100,554	43,095	143,649
Legislative council	-	21,264	21,264	-	21,264
Miscellaneous	-	-	-	-	-
Office expense	-	43,695	43,695	18,727	62,422
Payroll taxes	8,057	94,811	102,868	40,633	143,501
Postage	-	27,554	27,554	11,809	39,363
Printing	-	12,551	12,551	-	12,551
Rebates to schools	-	196,838	196,838	-	196,838
Retirement benefits	12,970	149,877	162,847	64,233	227,080
Salaries	112,068	1,247,718	1,359,786	534,736	1,894,522
Special meetings	-	11,529	11,529	-	11,529
State legislature/lobby	-	68,390	68,390	-	68,390
Student advisory committee	-	3,608	3,608	-	3,608
Supervision of officials-basketball	-	69,815	69,815	-	69,815
Supervision of officials-football	-	51,349	51,349	-	51,349
Supervision of officials-other	-	18,968	18,968	-	18,968
Telephone	-	25,057	25,057	10,739	35,796
TSSAA News	-	1,450	1,450	-	1,450
TSSAA web site and technology	-	44,537	44,537	19,087	63,624
Travel	-	48,084	48,084	20,607	68,691
	$ 2,229,995	$ 3,577,580	$ 5,807,575	$ 1,027,337	$ 6,834,912

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, 2026

Cash flows from operating activities:	
Cash received from members and activities	$ 7,667,206
Cash paid to employees and vendors	(6,107,083)
Interest and dividend income	276,395
Net cash provided by operating activities	1,836,518
Cash flows from investing activities:	
Purchase of marketable securities	(483,509)
Proceeds from sale of marketable securities	2,086,468
Payments to purchase property and equipment	(4,022,792)
Proceeds from disposition of property and equipment	32,027
Net cash used for investing activities	(2,387,806)
Net decrease in cash	(551,288)
Cash and cash equivalents at July 1, 2025	2,426,646
Cash and cash equivalents at June 30, 2026	$ 1,875,358
Reconciliation of change in net assets to net cash provided by operating activities	
Increase in net assets	$ 1,232,672
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	61,152
Realized gains on investments	(37,821)
Unrealized gains on investments	(148,887)
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	62,725
(Increase) decrease in prepaid expenses	(1,830)
Increase (decrease) in accounts payable	651,856
Increase (decrease) in employee withholdings	16,651
Total adjustments	603,846
Net cash provided by operating activities	$ 1,836,518

Supplemental schedule of noncash investing and financing activities: None

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

Note 1 - Summary of Significant Accounting Policies

Association Activity

The Association is a nonprofit membership organization comprised of secondary and middle schools throughout Tennessee. The Association provides leadership and administers interscholastic athletic programs, events, and related activities among its 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, 2026, 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 the loss rate method for trade receivables and contract assets, adjusted qualitatively for current conditions and supportable expectations of future inflation and unemployment rates. These amounts are re-evaluated and adjusted on a regular basis as additional information is received. Actual write-offs are charged against the allowance for credit losses when collections efforts have been unsuccessful, and the allowance is increased for recoveries of amounts previously written off.

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.**

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.

Note 1 - Continued

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

	Estimated Useful Life
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 $61,152 for the year ended June 30, 2026.

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, 2026.

Construction in progress of $4,137,097 was included in property and equipment on the accompanying statement of financial position. This amount is comprised entirely of progress on the Association's new headquarters building, which is not yet placed in service and, therefore, not subject to depreciation. The estimated total cost of the project upon completion is $10,785,000 and the estimated completion date is December 2026.

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

Note 1 - Continued

Expenses presents the natural classification of expenses by function. Accordingly, certain general and administrative 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 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, 2026, the securities had a market value of $4,712,762 and a cost of $4,299,320. Realized and unrealized gains (losses) are reflected in the accompanying statement of activities as a component of investment income as follows:

Realized gains	$ 37,821
Unrealized gains	148,887
	$ 186,708

Note 3 - Accounts Receivable

The beginning and ending accounts receivable were as follows:

July 1, 2025	June 30, 2026
$324,030	$261,305

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

Note 4 – Continued

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.

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 5 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, 2025, 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	17
Total employees	28

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, 2026, the minimum required contribution rate was 5.25%. TSSAA voluntarily elected to contribute 10% of covered payroll. Total contributions for the year were $239,964. 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.**

Note 4 - Continued

Net Pension Liability (Asset)

Pension Liabilities (Assets). **TSSAA's net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.**

Actuarial Assumptions. **The total pension liability as of the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:**

Inflation	2.40 percent
Salary increases	Graded salary ranges from 8.87 to 3.59 percent based on age, including inflation, averaging 4.15 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2025, actuarial valuation are based on the results of an actuarial experience study performed for the period July 1, 2020, through June 30, 2024. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Change of Assumptions. **In 2025, the following assumptions were changed: increased inflation rate from 2.25 percent to 2.40 percent; increased salary growth graded ranges from an average of 4.00 percent to an average of 4.15 percent; increased the cost-of-living adjustment from 2.125 percent to 2.25 percent; and modified mortality assumptions.**

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, 2024 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 2.40 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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.36%	31%
Developed market international equity	4.86%	14%
Emerging market international equity	5.55%	4%
Private equity and strategic lending	6.36%	20%
U.S. fixed income	2.31%	20%
Real estate	3.55%	10%
Short-term securities	0.91%	1%
		100%

Note 4 - Continued

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.

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, 2024	$9,746,712	$ 9,881,582	($ 134,870)
Changes for the year:			
Service cost	85,516	-	85,516
Interest	649,419	-	649,419
Differences between expected and actual experience	58,631	-	58,631
Changes in assumptions	(536,749)	-	(536,749)
Contributions - employer	-	165,921	(165,921)
Net investment income	-	998,278	(998,278)
Benefit payments, including refunds of employee contributions	(422,398)	(422,398)	-
Administrative expense	-	(1,846)	1,846
Net Changes	(165,581)	739,955	(905,536)
Balance at June 30, 2025	$9,581,131	$10,621,537	($1,040,406)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. **The following presents the net pension liability (asset) of TENNESSEE SECONDARY SCH ATH ASSN 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)	$149,937	($1,040,406)	($2,040,318)

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

Pension Expense. **For the year ended June 30, 2026, TSSAA recognized pension expense of $60,481.**

Note 4 - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources. **For the year ended June 30, 2026, TSSAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 686,206	$ 28,825
Net difference between projected and actual earnings on pension plan investments	-	240,680
Changes in assumptions	78,354	447,291
Contributions subsequent to the measurement date of June 30, 2025	239,964	-
Total	$1,004,524	$716,796

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2025," 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:

Year Ended June 30:	
2027	$265,678
2028	21,073
2029	(11,616)
2030	(147,684)
2031	(79,686)
Thereafter	-
	$ 47,765

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, 2026, TSSAA reported a payable of $20,212 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2026.

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
Last Fiscal Year Ending June 30,

	2025
Total Pension Liability	
Service cost	$ 85,516
Interest	649,419
Differences between actual and expected experience	58,631
Change of assumptions	(536,749)
Benefit payments, including refunds of employee contributions	(422,398)
Net change in total pension liability	(165,581)
Total pension liability - beginning	9,746,712
Total pension liability - ending (a)	$9,581,131
Plan Fiduciary Net Position	
Contributions - employer	$ 165,921
Net investment income	998,278
Benefit payments, including refunds of employee contributions	(422,398)
Administrative expense	(1,846)
Net change in plan fiduciary net position	739,955
Plan fiduciary net position – beginning	9,881,582
Plan fiduciary net position - ending (b)	$10,621,537
Net Pension Liability (Asset) - ending (a) - (b)	($ 1,040,406)
Plan fiduciary net position as a percentage of total pension liability	110.86%
Covered payroll	$1,659,208
Net pension liability (asset) as a percentage of covered-employee payroll	(62.70%)

Changes of Assumptions: **In 2025, amounts reported as changes of assumptions resulted from changes to the inflation rate, cost-of-living adjustment, salary assumption and mortality improvements. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.**

***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.**

Note 4 - Continued

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

	2025	2026
Actuarially determined contribution	$ 87,108	$ 128,842
Contributions in relation to the actuarially determined contribution	165,921	239,964
Contribution deficiency (excess)	($78,813)	($111,122)
Covered payroll	$1,659,208	$1,845,874
Contributions as a percentage covered-employee payroll	10%	13%

***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 2026 were calculated based on the June 30, 2024 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 2.50 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: decreased 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.**

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, 2026, the Association has $6,849,425 of financial assets available to meet cash needs for general expenditures. Available financial assets consist of cash and cash equivalents of $1,875,358, marketable securities of $4,712,762 and receivables of $261,305. 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 and allocated program expenditures in the operating cash account. On average, monthly general and administrative expenditures and allocated program expenditures are approximately $395,000. 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 - 2026- 2027 Budget

An operating budget of $5,414,000 for the fiscal year ending June 30, 2027, has been proposed to the Board of Control.

Note 9 – New Headquarters and Line of Credit

During the year ended June 30, 2026, Tennessee Secondary School Athletic Association (the "Borrower") initiated construction of a new headquarters facility as noted in Note 1. To support the construction, the Borrower entered into a financing arrangement through the issuance of a tax-exempt bond (the "Bond") by the National Finance Authority ("Authority") on December 18, 2025. The $8,000,000 Bond was issued pursuant to a Bond Purchase and Loan Agreement among the Authority, United Community Public Finance, Inc. (the "Lender") and the Borrower. The Lender purchased and serves as the sole holder of the Bond on December 18, 2025, and the financing arrangement structures repayment of the bond as a line of credit ("LOC") between the Lender and the Borrower. Under the Loan Agreement, the Borrower is solely responsible for full repayment of all amounts drawn on the LOC (up to a maximum principal amount of $8,000,000). The LOC bears interest on all outstanding amounts drawn at 3.85% and matures along with the bond in December 2047. The Borrower did not take any draws on the LOC during the year ended June 30, 2026.

The LOC is subject to various affirmative and financial covenants, including maintaining a debt service coverage ratio of 1.1 (tested annually from audited financial statements), minimum liquidity of $650,000 (tested annually at June 30), and providing the Lender with an annual covenant compliance certification.

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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, 2026, and our report thereon dated August 17 2026, which expressed an unmodified option 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

Cooper, Travis & Company, PLC
Certified Public Accountants

Nashville, Tennessee
August 17, 2026

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE I - ANALYSIS OF NET REVENUE
FOR THE YEAR ENDED JUNE 30, 2026

	Gross Revenue	Program Expenses	Net Revenue
Baseball	$ 101,388	$ 15,286	$ 86,102
Baseball and softball - middle school	7,116	-	7,116
Basketball - high school	1,426,848	569,997	856,851
Basketball - middle school	25,560	-	25,560
Basketball, baseball officials camps	3,900	-	3,900
Bowling	24,727	18,609	6,118
Building fund benefit games	4,800	-	4,800
Cheerleading coaches conference	3,212	-	3,212
Cheerleading/dance competition	149,548	82,411	67,137
Coaches education program	410,865	-	410,865
Cross country meet - high school	46,757	31,984	14,773
Cross country meet - middle school	4,646	-	4,646
Fines and penalties assessed	154,580	-	154,580
Flag football - unified	-	3,581	(3,581)
Football playoffs	844,239	180,744	663,495
Golf tournament	20,064	71,586	(51,522)
Hall of Champions games	163,777	-	163,777
Investment income	463,103	-	463,103
Lacrosse - boys sectional/regional	4,960	1,728	3,232
Lacrosse - girls sectional/regional	4,041	3,432	609
Membership dues - high school	451,839	-	451,839
Membership dues - middle school	335,233	-	335,233
Miscellaneous (cell tower)	17,194	-	17,194
NFHS Network	263,486	-	263,486
Non-faculty coaches	504,810	-	504,810
Officials dues	430,512	-	430,512
Soccer - high school boys	45,496	10,482	35,014
Soccer - high school girls	100,164	64,023	36,141
Soccer - middle school	3,812	-	3,812
Special Olympics position	55,000	-	55,000
Softball	64,589	12,760	51,829
Sponsorships and merchandising	905,619	252,949	652,670
Spring Fling	608,161	523,193	84,968
Tennis - high school	-	12,396	(12,396)
Tennis - middle school	-	1,632	(1,632)
Tennessee Interscholastic Ath Admin Assoc	-	-	-
Track meet - high school	7,897	22,433	(14,536)
Track meet - middle school	-	19,841	(19,841)
Volleyball - high school	243,081	110,796	132,285
Volleyball - middle school	-	8,345	(8,345)
Wrestling tournament - high school	166,560	179,161	(12,601)
Wrestling tournament - middle school	-	2,787	(2,787)
Wrestling - weight management	-	29,839	(29,839)
	$ 8,067,584	$ 2,229,995	$ 5,837,589

See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES
AND ALLOCATED PROGRAM EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

Athletic directors conference	$ 5,000
Award events	65,423
Board of Control	83,253
Building operations/maintenance	82,358
Car expense	25,800
Depreciation	61,152
National Federation	138,056
Insurance	1,123,795
Investigations	18,765
Legal and professional	143,649
Legislative council	21,264
Office expense	62,422
Payroll taxes	143,501
Postage	39,363
Printing	12,551
Rebates to schools	196,838
Retirement benefits	227,080
Salaries	1,894,522
Special meetings	11,529
State legislature/lobby	68,390
Student advisory committee	3,608
Supervision of officials - basketball	69,815
Supervision of officials - football	51,349
Supervision of officials - other	18,968
Telephone	35,796
TSSAA News	1,450
TSSAA web site and technology	63,624
Travel	68,691
	$ 4,738,012

See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE III - ACTUAL VS. BUDGETED REVENUE
FOR THE YEAR ENDED JUNE 30, 2026

	2025-2026 Budget	2025-2026 Actual	Over (Under) Budget	2026-2027 Budget
Baseball	$ 80,000	$ 86,102	$ 6,102	$ 80,000
Baseball and softball - middle school	5,000	7,116	2,116	6,000
Basketball - high school	800,000	856,851	56,851	825,000
Basketball - middle school	50,000	25,560	(24,440)	25,000
Basketball, baseball officials camps	3,000	3,900	900	3,500
Bowling	8,000	6,118	(1,882)	6,000
Building fund benefit games	10,000	4,800	(5,200)	5,000
Cheerleading coaches conference	2,000	3,212	1,212	2,500
Cheerleading/dance competition	80,000	67,137	(12,863)	65,000
Coaches education program	350,000	410,865	60,865	400,000
Cross country meet - high school	15,000	14,773	(227)	15,000
Cross country meet - middle school	22,000	4,646	(17,354)	5,000
Fines and penalties assessed	170,000	154,580	(15,420)	165,000
Flag football - unified	10,000	(3,581)	(13,581)	(3,500)
Football playoffs	700,000	663,495	(36,505)	645,000
Golf tournament	15,000	(51,522)	(66,522)	(50,000)
Hall of Champions games	150,000	163,777	13,777	160,000
Investment income	100,000	463,103	363,103	100,000
Lacrosse - boys sectional/regional	20,000	3,232	(16,768)	3,000
Lacrosse - girls sectional/regional	10,000	609	(9,391)	500
Membership dues - high school*	425,000	451,839	26,839	425,000
Membership dues - middle school*	275,000	335,233	60,233	300,000
Miscellaneous (cell tower)	16,000	17,194	1,194	17,000
Miscellaneous - middle school	30,000	-	(30,000)	20,000
NFHS Network	210,000	263,486	53,486	250,000
Non-faculty coaches	450,000	504,810	54,810	475,000
Officials dues	350,000	430,512	80,512	425,000
Soccer - high school boys	25,000	35,014	10,014	30,000
Soccer - high school girls	35,000	36,141	1,141	35,000
Soccer - middle school	-	3,812	3,812	3,500
Softball	40,000	51,829	11,829	50,000
Special Olympics position	55,000	55,000	-	55,000
Sponsorships and merchandising	900,000	652,670	(247,330)	785,000
Spring Fling	200,000	84,968	(115,032)	75,000
Tennis - high school	(12,000)	(12,396)	(396)	(12,000)
Tennis - middle school	-	(1,632)	(1,632)	(1,500)
Track meet - high school	5,000	(14,536)	(19,536)	(10,000)
Track meet - middle school	25,000	(19,841)	(44,841)	(20,000)
Volleyball - high school	105,000	132,285	27,285	120,000
Volleyball - middle school	4,000	(8,345)	(12,345)	(8,000)
Wrestling tournament -high school	10,000	(12,601)	(22,601)	(20,000)
Wrestling tournament- middle school	5,000	(2,787)	(7,787)	(3,000)
Wrestling - weight management	(40,000)	(29,839)	10,161	(35,000)
	$ 5,713,000	$ 5,837,589	$ 124,589	$ 5,414,000

*During the year ended June 30, 2026, the Association restructured how membership dues are calculated. Middle school and high school membership dues are now $1.50 per student, with a minimum of $300 and maximums of $1,500 for middle schools and $2,500 for high schools. As part of the restructuring, the Association ceased collecting revenue for catastrophic insurance and various sports, including high school golf and middle school track, volleyball, cross country, and wrestling.

See independent auditors' report on supplementary information.

TENNESSEE SECONDARY SCHOOL ATHLETIC ASSOCIATION
SCHEDULE IV - ACTUAL VS. BUDGETED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	2025-2026 Budget	2025-2026 Actual	(Under) Budget	2026-2027 Budget
Operations:				
Athetic directors conference	$ 5,000	$ 5,000	$ -	$ 5,000
Award events	50,000	65,423	15,423	65,000
Board of Control	85,000	83,253	(1,747)	95,000
Building operations/maintenance	150,000	82,358	(67,642)	175,000
Car expense	22,000	25,800	3,800	25,000
Depreciation	60,000	61,152	1,152	232,500
National Federation	155,000	138,056	(16,944)	150,000
Insurance	1,191,000	1,123,795	(67,205)	1,125,000
Interest	-	-	-	200,000
Investigations	25,000	18,765	(6,235)	25,000
Legal and professional	275,000	143,649	(131,351)	250,000
Legislative council	40,000	21,264	(18,736)	30,000
Miscellaneous	1,000	-	(1,000)	1,000
Office expense	80,000	62,422	(17,578)	90,000
Payroll taxes	146,000	143,501	(2,499)	150,000
Postage	50,000	39,363	(10,637)	40,000
Printing	30,000	12,551	(17,449)	20,000
Rebates to schools	-	196,838	196,838	-
Retirement benefits	250,000	227,080	(22,920)	200,000
Salaries	1,900,000	1,894,522	(5,478)	2,000,000
Special meetings	30,000	11,529	(18,471)	50,000
State legislature/lobby	75,000	68,390	(6,610)	75,000
Student advisory committee	12,000	3,608	(8,392)	10,000
Supervision of officials-basketball	75,000	69,815	(5,185)	85,000
Supervision of officials-football	60,000	51,349	(8,651)	64,000
Supervision of officials-other	27,000	18,968	(8,032)	35,000
Telephone	37,000	35,796	(1,204)	50,000
TSSAA News	2,000	1,450	(550)	1,500
TSSAA web site and technology	60,000	63,624	3,624	85,000
Travel	70,000	68,691	(1,309)	80,000
	4,963,000	4,738,012	(224,988)	5,414,000
New building costs:				
Architectural designs/construction costs*	750,000	3,850,876	3,100,876	-
	$ 5,713,000	$ 8,588,888	$ 2,875,888	$ 5,414,000

*Although showing overbudget in the formal budget for 2025-2026, the amount spent on the new building during the year ended June 30, 2026 was expected and the Association had cash on hand to pay this portion. See notes 1 and 9 to these financial statements for more information regarding the new building.

See independent auditors' report on supplementary information.