

MICHIGAN HIGH SCHOOL ATHLETIC ASSOCIATION, INC.

AUDIT AND FINANCE COMMITTEE MEETING

East Lansing, February 7, 2024

Members Present:

Scott Grimes, Grand Haven
Sean Jacques, Calumet
Vic Michaels, Detroit
Fred Smith, Bangor

Staff:

Andy Frushour
Cody Inglis
Lesli Schrauben
Mark Uyl (Recorder)
Kathy Vrugink Westdorp

The first 2023-24 meeting of the MHSAA Audit and Finance Committee was held on February 7, immediately following the February Executive Committee meeting. The following budget preparation schedule was provided to Committee members and staff.

2024-25 Budget Preparation Schedule –

February 7- Audit and Finance Committee Proposals
March 22- Representative Council Approval (partial)
April 17- Additional Audit and Finance Committee Proposals and Review
May 5-6- Representative Council Approval

Audit – The audit for the fiscal year 2022-23, prepared by the certified accounting firm of Maner Costerisan had been distributed in December to the full Council with standard management letters. The audit was again a clean audit with no concerns being expressed to either the Audit and Finance Committee or staff. The MHSAA's finances are strong from a business perspective and its operations are appropriate for its nonprofit status. The committee approved the annual submission of IRS Form 990 for the fiscal year ending July 31, 2023.

Financial Procedures Manual – The Audit and Finance Committee approved the updated Financial Procedures Manual which is the formal document relative to the financial operations of the MHSAA and its mission. The manual supports the internal operations of the MHSAA at the direction of the executive director and the Representative Council.

Reports/Evaluation – The Audit and Finance Committee reviewed and discussed a summary of accounts through Jan. 31, 2024, along with a summary of the general ledger, tournament finances, corporate sponsorships and year-by-year summary of budget surplus/deficit performances.

Budget Planning for 2024-25–Budget preparations for 24-25 will include no increases in ticket prices and continued use of GoFan for all MHSAA tournament tickets. Discussion took place on budgeting for the final phase of the building renovation and continued support of the AD Connection program.

A proposal on officials' fees was shared, and the Audit & Finance Committee supported the staff recommendations for these increased fees beginning in 2024-25 thru 2027-28. The total proposed officials increases would be a budget addition of \$472,000 in 24-25.

The Committee then identified priorities in terms of increases to the manager's honorariums, itemized tournament expenses (ATC, announcers, security, etc), Final team reimburse-

ments and host school shares. Member school input was also provided about District reimbursements for those Districts that include both LP and UP teams. One key item of note was the clear support to find a mechanism to provide the manager's honorarium directly to the individual who serves in that capacity.

Staff will prepare illustrations for possible increases in each of these areas and will be provided electronically to Committee members by March 15. These proposals will be reviewed in depth at the next Audit & Finance Committee meeting on April 17 with any increases being part of the final budget presentation on May 5-6.

Once winter tournament financial numbers become more certain, MHSAA staff will regularly update the Audit and Finance Committee members ahead of the April 17 meeting as budget goals and plans for 2024-25 are finalized.

National Federation – The Representative Council has a policy for National Federation Annual Summer Meeting attendance that accomplishes the dual objectives of assuring Michigan has a presence and voice at the meetings while keeping the expenses for such attendance modest. The policy permits, with the president's discretion, a maximum number of eight Council attendees. If more than that number of Council members wish to attend, those who have attended least recently have priority. The executive director determines which staff will attend based on the content of meetings and the overall cost to the MHSAA. The Audit and Finance Committee supported sending Council members and staff based on the policy stated above. This summer's meeting will be held in Boston from June 28-July 2.

Personnel Considerations – The Audit & Finance Committee excused the staff members and discussed staff compensation and personnel considerations for 24-25. The Audit and Finance Committee adopted proposals for the Representative Council's action in March relative to compensation and benefits for staff for the fiscal year 2024-25.

Next Meeting – April 17, 2024, at 9 a.m.