

MICHIGAN HIGH SCHOOL ATHLETIC ASSOCIATION, INC.

AUDIT AND FINANCE COMMITTEE MEETING

East Lansing, February 12, 2026

Members Present:

Chris Adams, Camden
Mike Bakker, Fenton
Fred Smith, Bangor
John Thompson, Brighton

Staff:

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

The first 2025-26 meeting of the MHSAA Audit and Finance Committee (AFC) was held on February 12, immediately following the February Executive Committee meeting. The following budget preparation schedule was provided to Committee members and staff.

2026-27 Budget Preparation Schedule –

February 12 – Audit and Finance Committee Proposals

March 20 – Representative Council Approval (partial)

April 8 – Additional Audit and Finance Committee Proposals and Review

May 3-4 – Representative Council Approval

Audit – The audit for the fiscal year 2024-25, 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 AFC 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, 2025.

Financial Procedures Manual – The AFC 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 AFC reviewed and discussed a summary of accounts through Jan. 31, 2026, along with a summary of the general ledger, tournament finances, corporate sponsorships, and year-by-year budget surplus/deficit performances.

Budget Planning for 2025-26 – The proposed MHSAA budget for fiscal year 2026-27 is shaped by a combination of recent historic financial strength, emerging revenue pressures, and sustained increases in operating expenses. Taken together, these factors suggest that now is an appropriate and responsible time for the Association to reassess its financial position and take modest steps to stabilize our long-term health.

The 2024-25 budget performed largely as anticipated, with the year concluding with a modest deficit of \$173,015 (1.1% of budgeted expenses). While not ideal, this outcome aligned with projections given the budget surplus goal was only \$898, which reflected a normalization from the extraordinary results of the prior three years. The current financial year has, to date, performed below historical averages and our expectations. Football tournament revenue has declined sharply, primarily due to Halloween falling on the opening night of the MHSAA Football playoffs in 2025. This calendar anomaly had a direct and measurable impact on attendance and gate receipts on one of our most significant revenue-generating nights.

Two years ago, the MHSAA made several important investments using the momentum created by its 2021-2024 surpluses. These included the permanent addition of the AD Connection program and significant increases in game fees for officials across multiple tournament sports. These decisions were made deliberately to support member schools, improve communication and professional development, and address long-standing officiating recruitment and retention challenges.

Given the normalization of revenues, increased costs, and the fact that recent investments were made following three strong years, staff believes this is the appropriate time to revisit the MHSAA's ticket prices. The goal is not to react to a single down year, but rather to proactively maintain financial stability and protect the MHSAA's ability to serve its membership over the long term.

There was consensus for an increase in ticket prices for MHSAA tournaments beginning in the 2026-27 school year. This adjustment would generate new annual revenue, helping to offset rising expenses while minimizing the impact on students, member schools, and school communities. The proposal reflects a balanced approach that recognizes both affordability concerns and the financial realities facing the Association. The AFC will take a closer look at which levels of the tournament to address on April 8 with staff providing further models for consideration.

Once winter tournament financial numbers become more certain, MHSAA staff will regularly update the AFC members ahead of the April 8 meeting as budget goals and plans for 2026-27 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, eight Council attendees which can be expanded depending on the location and number of members wishing to attend. The executive director determines which staff will attend based on the content of meetings and the overall cost to the MHSAA. The AFC supported sending Council members and staff based on the parameters stated above. This summer's meeting will be held in Salt Lake City from June 26-29. President Thompsom will provide background to new Council members on the NFHS Summer Meeting, along with expectations for all board members that attend this summer in Salt Lake City.

Personnel Considerations- The AFC excused the staff members and discussed staff compensation and personnel considerations for 2026-27. 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 2026-27.

Next Meeting – April 8, 2026, immediately following Executive Committee session.