

MICHIGAN HIGH SCHOOL ATHLETIC ASSOCIATION, INC.

AUDIT AND FINANCE COMMITTEE MEETING

East Lansing, February 26, 2020

Members Present:

Scott Grimes, Grand Haven
Vic Michaels, Detroit
Karen Leinaar, Bear Lake
Steve Newkirk, Clare

Staff:

Andy Frushour
Peggy Montpas
Tom Rashid
Mark Uyl (Recorder)
Kathy Vrugink Westdorp

2020-21 Budget Preparation Schedule –

Feb. 26 Audit and Finance Committee proposals (including personnel);
March 27 Representative Council approval;
April 22 Audit and Finance Committee proposals (remainder of budget);
May 4 Representative Council approval.

Audit – The audit for fiscal year 2018-19 prepared by the certified accounting firm of Maner Costerisan had been distributed previously, with standard management letters, to all Representative Council members. No concerns were expressed to either the Audit and Finance Committee or staff. The auditors reported that the audit was clean. The MHSAA's finances are strong from a business perspective and its operations are appropriate for its nonprofit status.

The committee discussed and approved the annual submission of IRS Form 990 for fiscal year ending July 31, 2019.

Reports/Evaluation – The Audit and Finance Committee reviewed and discussed a summary of accounts and general ledger through Jan. 31, 2020; audited tournament financial reports of direct revenue and expenses for fiscal years 2015-16 through 2018-19; and a comparison of tournaments in the fall of 2019 with the fall of the four previous years; sources of revenue over the past three years, a closer look at sources of non-tournament revenue, and a 35-year history of annual operating profits or deficits. The committee also reviewed current sponsorship data, and staff reported optimism that the 2019-20 sponsorship revenue goals will be met. In general, the fall of 2019 has had better financial performance than in 2017 and 2018.

Football Finances – The Audit and Finance Committee reviewed current polices relative to host school and participating school shares in the football playoffs. Committee members discussed the current percentages to both the host and visiting team at the Predistrict, District and Regional levels of both the 11-player and 8-player tournaments. Further data will be provided for more discussion at the April meeting of the Audit & Finance Committee.

Ticket Prices – Staff led a review of all tournament ticket prices for the 2019-20 school year. Recent increases in Football Finals tickets have made a positive impact on the fall revenue budget and staff will closely monitor the impact of modest increases in basketball and individual wrestling Finals tickets as well. There were no proposals for any ticket price increases for 2020-21.

Financial Procedures Manual – The Audit and Finance Committee approved the updated Financial Procedures Manual that is a 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.

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, if any, staff will attend based on the content of meetings and the overall cost to the MHSAA. The Audit and Finance Committee approved a recommendation for Council expense reimbursement to the June 28-July 2, 2020 NFHS meeting in Denver, Colorado.

Personnel Considerations – The Audit and Finance Committee adopted proposals for the Representative Council’s action in March relative to compensation and benefits for staff for fiscal year 2020-21.