

**MICHIGAN HIGH SCHOOL ATHLETIC ASSOCIATION, INC.**

**AUDIT AND FINANCE COMMITTEE MEETING**

East Lansing, February 17, 2016

Members Present:

Vic Michaels, Detroit  
Scott Grimes, Grand Haven  
Karen Leinaar, Bear Lake  
Pete Ryan, Saginaw

Staff Members Present:

Peggy Montpas  
Tom Rashid  
Jack Roberts (Recorder)  
Mark Uyl  
Kathy Westdorp

2016-17 Budget Preparation Schedule –

Feb. 17	Audit and Finance Committee proposals (including personnel);
March 24	Representative Council approval;
April 20	Audit and Finance Committee proposals (remainder of budget);
May 2	Representative Council approval.

**Audit** – The audit for fiscal year 2014-15 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 IRS Form 990 for fiscal year ending July 31, 2015, was reviewed and approved by the committee.

**Reports/Evaluation** – The Audit and Finance Committee reviewed and discussed a summary of accounts and general ledger through Jan. 31, 2016; audited tournament financial reports of direct revenue and expenses for fiscal years 2011-12 through 2014-15; and a comparison of tournaments in fall of 2015 with fall of the five previous years; sources of revenue over the past three years, and a closer look at sources of non-tournament revenue.

**Keeping Our Edge** – At the Representative Council's Dec. 5, 2015 meeting, Council members offered their ideas about the next "big ideas" for MHSAA service and support to its member schools. Five Council members have volunteered to work with MHSAA staff to develop strategies and tactics for implementing these ideas. They will meet prior to mid-April; and their ideas, and the budget ramifications of those ideas, will be discussed by the Audit and Finance Committee at its April meeting.

Committee members discussed staffing considerations related to replacing Gina Mazzolini who retires in the summer of 2016, as well as filling other needs and planning for succession of MHSAA leadership. Both full- and part-time positions may be a part of the MHSAA's response on these three fronts.

The committee also was asked to consider retention of a professional firm on a multi-year basis to assist the MHSAA in promoting and marketing its events and communicating the benefits of school sports at the local level. An attempt will be made to include this expenditure in the 2016-17 draft budget presented in April.

**Officials Pay** – Committee members reviewed the 2015-16 survey of officials pay by leagues and conferences as well as the current pay schedules for officials, scorers and timers for MHSAA tournaments. A proposal was presented to increase fees for almost all levels of all sports tournaments, at a total cost of nearly \$90,000, and to raise officials registration fees by \$5 each for processing and \$3 for each sport, generating approximately \$98,000. MHSAA fees have not been raised since prior to the 2009-10 school year, and rank in the lowest one-third nationally according to a survey by the National Association of Sports Officials. With an adjustment in the proposal for two sports, the committee approved this recommendation for the Representative Council's action on March 24, 2016.

The committee reviewed compensation provided to scorers and timers at MHSAA tournaments. Staff will prepare for the committee's April meeting an analysis of total expenses if pay to scorers and timers for second and third events on the same day were to be at the same rate as the first event of the day.

There is interest among committee members to remove from the pay scale any references to pay for timers when fully automated timing systems are used and reimbursed at least in part by the MHSAA.

**Tournament Financial Procedures** – The committee reviewed MHSAA Tournament Ticket Prices, Reimbursement Policies for Finalists, Host Payments and Managers' Honoraria. There was lengthy discussion regarding stipends for tournament managers, and this will remain a topic for the committee's next meeting.

**National Federation** – The Representative Council has a policy for National Federation Annual 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; and if more than that number of Council members wishes 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, 2016 NFHS meeting in Reno.

**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 2016-17.