

MICHIGAN HIGH SCHOOL ATHLETIC ASSOCIATION, INC.

AUDIT AND FINANCE COMMITTEE MEETING

East Lansing, February 23, 2022

Members Present:

Scott Grimes, Grand Haven
Sean Jacques, Calumet
Vic Michaels, Detroit
John Thompson, Brighton

Staff Members Present:

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

2022-23 Budget Preparation Schedule –

Feb. 23 Audit and Finance Committee Proposals
March 27 Representative Council Approval (partial)
April 20 Additional Audit and Finance Committee Proposals and Review
May 1-2 Representative Council Approval

Audit – The audit for fiscal year 2020-21 prepared by the certified accounting firm of Maner Costerisan had been distributed previously, with standard management letters. 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, 2021.

Reports/Evaluation – The Audit and Finance Committee reviewed and discussed a summary of accounts through Jan. 31, 2022, 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 2022-23 – The budget process continues to be challenging for 2022-23, given the uncertainty that still exists with COVID and winter tournaments. Budget preparations for 2022-23 will include no increases in ticket prices and further delays in some capital purchasing of hardware and building improvements, with the exception of the MHSAA building roof. To complete the ongoing website redesign project, an additional \$200,000 will be budgeted in addition to the \$150,000 in 2021-22. Registration fees for officials was discussed with the basic fee being set at \$70, which will include two sports at no additional cost. NASO membership will be included with each MHSAA registration, providing insurance coverage for officials in all games worked at all levels (school and non-school) in addition to ongoing education materials such as the monthly *Referee Magazine*. Tournament game fee increases were also supported, which have been on pause since March of 2020 due to the pandemic. All told, there will be an increase of \$200,000 in the officials' program budget for 2022-23 to fully fund these investments in officiating during a time when it is needed more than ever.

Once winter tournament financial numbers become more certain, MHSAA staff will update the Audit and Finance Committee frequently ahead of the next meeting of this committee on April 20, 2022 on the budget goals and plans for 2022-23. There will be action items on the April agenda because of the fluid nature of COVID, winter tournaments and the financial implications of those challenges.

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 staff will attend based on the content of meetings and the overall cost to the MHSAA. The Audit and Finance Committee approved sending Council members and staff based on the policy stated above. This summer's meeting will be held in San Antonio, Texas from June 28-July 2.

Personnel Considerations – The Audit and Finance Committee excused staff members and discussed staff compensation and personnel considerations for 2022-23. It should be noted there have been no staff compensation increases since the 2019-20 fiscal year. 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 2022-23.

Next Meeting – The next meeting is scheduled for April 20, 2022, at 9 a.m. in East Lansing.