

NORTH CAROLINA HIGH SCHOOL ATHLETIC ASSOCIATION

REPORT OF THE FINANCE AND PERSONNEL COMMITTEE

The following action items were recommended by the *Finance and Personnel* Committee to the full Board of Directors during the December 3-4, 2014 NCHSAA Board of Directors meeting:

Committee Members:

Mo Green
Bill Miller
Angie Miller
Rodney Shotwell
Tony Baldwin
Allison Sholar Osmon

Staff:

Davis Whitfield
Karen M. DeHart

AGENDA ITEMS:

1. Follow-up items from May 2014 Board Meeting

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Language in Investment Policy Statement.
 - ii. Commissioner's Contract.
 - iii. Investment entity relative to diversity.

2. Review of Final 2013-14 Budget/Actual to-date (Report will be provided at meeting – Attachment F/P 1)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Budget was \$4.2 M, expenses were \$3.79M; overage of \$451,117
 - ii. Football revenues deficit of \$93,000 from budgeted amount.
 - iii. Overall playoff revenues exceeded budget by \$147,847.
 - iv. Corporate revenues exceeded budget by \$14,470.
 - v. 100th corporate revenues budgeted at \$125,000 but only realized \$25,500 in 2013-14 year; majority of pledged funds came in under 2012-13 budget.
 - vi. Endowment Games revenues exceeded budget by \$128,016.
 - vii. Overall miscellaneous revenues exceeded budget by \$68,876. Under budget in all expenses categories except Awards line item which exceeded budget by \$6,944.
 - viii. Overall expenses were \$219,788 less than budgeted.

3. Approval and review of 2014-15 Budget (Report will be provided at meeting – Attachment F/P 2)

- a. Recommendation: Approve 2014-15 annual budget.
- b. Rationale: Funds needed to operate the NCHSAA office, championships, and special programs.

- c. Budget Impact: \$4,037,967.00
- d. Educational Impact: Educational, leadership, and championship programs for our 402 high schools and 200,000+ student-athletes.
- e. Equity Impact: Allows opportunities in-line with Strategic Plan.
- f. Effective Date: July 1, 2014
- g. Point of Emphasis:
 - i. Establishment of new minority scholarships – Regional (16) and State (2) level
 - ii. Cost of insurance has increased.
 - iii. Corporate revenues up by approximately 13.75% from 2013-14, to-date.

Approved _____ Denied _____ Tabled _____

4. Review of Final 2013-14 Sports Comparisons (Report will be provided at meeting – Attachment F/P 3)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Schools' shares up by \$177,979.50 across all sports.
 - ii. Team expenses, host school expenses, team travel and NCHSAA net consistent from last year.
 - iii. Corporate sponsorship dollars allocated to championships up by \$35,256.
 - iv. NCHSAA expenses up by \$36,342.88.

5. 2014-15 Comparison to-date

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. TBD

6. Investment Summary Updates (Report will be provided at meeting – Attachment F/P 4)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Review of investments based on summaries provided by the various investment managers
 - ii. Outlook not available at this time; summary will be provided at Board Meeting.

7. Audit Report- Blackman & Sloop Present (Report will be provided at meeting – Attachment F/P 5)

- a. Recommendation: Approve the 2013-14 Audit Report.
- b. Rationale: To ensure compliance with Federal and State laws.
- c. Budget Impact: Findings unknown at this time; will be presented at Board Meeting.
- d. Educational Impact: Findings unknown at this time; will be presented at Board Meeting.

- e. Equity Impact: Findings unknown at this time; will be presented at Board Meeting.
- f. Effective Date: 12/3/2014

Approved _____ Denied _____ Tabled _____

8. Insurance Discussion – Report from Senn Dunn (Report will be provided at meeting – Attachment F/P 6)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Insurance costs increased due to raising Catastrophic Insurance coverage from \$2M to \$5, increased exposure for student-athletes and officials, and increased Certificate of Liability amount.

9. Summary Report of Money Provided to Member Schools (Report will be provided at meeting – Attachment F/P 7)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Point of Emphasis:
 - i. Excess of \$8 million has been shared by schools participating in Endowment Games since 1994/95 school year
 - ii. Since 2010/11 (past 4 years), \$4,128,525.69 has been distributed back to schools – average of \$1,032,131 per year.

10. Funds back to schools (Report will be provided at meeting - Attachment F/P 8)

- a. Recommendation:
 - i. Increase \$1 surcharge amount back to schools from 25% to 35%
 - ii. Increase percentage of earned interest back to schools from 50% to 60%
 - iii. Carolina Panthers grant proposal re: Heads Up program
- b. Rationale: In-line with Strategic Plan per directive to find new funding sources/resources to assist member schools (priority#3) and to enhance safety and well-being of students (priority #5).
- c. Budget Impact: Reduction in interest earned revenues rolled back into investments for NCHSAA; increased revenues for member schools.
- d. Educational Impact: Provides funds that schools can utilize to enhance existing programs at their respective schools and/or initiate new programming to benefit student-athletes.
- e. Equity Impact: Benefits male and female student-athletes across all member schools, statewide.
- f. Effective Date: 12/4/2014 (additional funds to be dispersed at end of current fiscal year)

Approved _____ Denied _____ Tabled _____

11. Disadvantaged Schools and Funding (Report will be provided at meeting – Attachment F/P 9)

- a. Recommendation: NO ACTION. Discussion Only.
- b. Points of Emphasis:
 - i. Discuss distribution process involving formula related to member schools and free/reduced lunch percentages and number of athletic programs offered.
 - ii. Consider utilizing interest earned from Association investments.

12. Staff Updates (Report will be provided at meeting – Attachment F/P 10)

- a. Recommendation: NO ACTION. Discussion Only.
 - i. IT Position and staff fill-in of related duties
 - ii. Update on Directors' positions
- b. Point of Emphasis:
 - i. Per Strategic Plan, would like/need to hire a true IT person to fill the vacant staff position.