

# 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. 100<sup>th</sup> 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: \$4,032,967.00
- 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
    - 1. Outlook not available at this time; summary will be provided at Board Meeting.
  - ii. Review of Association and Endowment investments by managing entity and by type of investment (Association vs. Endowment)

**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.