NORTH CAROLINA HIGH SCHOOL ATHLETIC ASSOCIATION

REPORT OF THE FINANCE & PERSONNEL COMMITTEE

The following action items were recommended by the Finance & Personnel Committee to the full Board of Directors during the May 5-6, 2015 NCHSAA Board of Directors meeting:

Committee Members:
Mo Green - Chair
Bill Miller - Vice-Chair
Angie Miller
Rodney Shotwell
Tony Baldwin
Allison Sholar Osmon

Staff:
Davis Whitfield
Karen DeHart

AGENDA ITEMS:

1. **Follow-up from December 2014 Meeting**
   UPMIFA Policy Language for Investment Policy (Attachments FP 1a, FP 1b and FP 1c will be provided at meeting)
   a. Recommendations: Add language to existing NCHSAA Investment Policy statements to reflect the UPMIFA – Uniform Prudent Management of Institutional Funds Act. Add the following to each policy in an appropriate place:
      - "Assets will be invested in a prudent manner".
      - "Assets will be invested in a manner consistent with the UPMIFA guidelines".
   b. Rationale: Reinforces the NCHSAA's acceptance of its fiduciary responsibilities and acknowledges Association's commitment to invest funds prudently.
   c. Budget Impact: None
   d. Educational Impact: None
   e. Equity Impact: All NCHSAA Investment Policies will be revised to include this language.
   f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Distribution recommendation for scholarship dollars budgeted

a. Recommendations: Funds for Minority Scholarship program will be distributed as follows: $750 per regional scholarship recipient (a maximum of 16 awards = $12,000) and an additional $1,000 per state scholarship recipients (one male and one female for total of $2,000). Overall allocation towards this program is $14,000 maximum.
b. Rationale: $14,000 additional dollars were added to the Scholarships line item within the 2014-15 budget to provide funds for this initiative.

c. Budget Impact: Utilizes the $14,000 additional funds allocated for the scholarship budget line item in the 2014-15 budget.
d. Educational Impact: Provides funds for up to 16 students to attend post-high school educational endeavors.
e. Equity Impact: Male and female scholarship opportunities are available for minority students (includes African America, Hispanic American, American Indian/Alaska Native, and/or Asian Pacific Islander American).
f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Disadvantaged Schools Funding (Attachment FP 2 will be provided at meeting)

a. Recommendations: Review and approve allocation of a portion of the interest generated from General Association Investment Funds towards financially assisting member high schools based upon number of varsity teams per school and data related to Census Poverty/Population Percent and Free & Reduced Lunch data as provided by SDPI.
b. Rationale: Schools are challenged financially and we have an opportunity to further assist them with their respective athletic program funding.
c. Budget Impact: Impact is dependent upon annual interest rate of return and the percentage of interest that will be returned.
d. Educational Impact: By providing additional funding to member high schools, schools have funds to utilize to fill in budget gaps and benefit their respective student population.
e. Equity Impact: All member schools will receive some financial assistance although amounts will vary depending upon number of athletic teams offered, poverty level and free and reduced lunch percentage levels. Schools most in need will receive higher financial assistance than those with less need.
f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Time Warner Cable contract

a. Recommendations: NO ACTION. DISCUSSION ONLY.
b. Points of Emphasis:
   i. Contract was received on 3/23/15.
   ii. 4-year contract with renewal option.
   iii. Sliding rights fee scale.
   iv. Meeting held 4/7/15 with TWC staff to review and initiate long-term planning.
   v. Incentives to schools participating in televised games.

Investment Fees

a. Recommendations: NO ACTION. DISCUSSION ONLY.
b. Points of Emphasis:
   i. Fee structures for all money managers were reviewed.

ii. Finding indicate that all fee structures are consistent with exception of First Allied who charges a 'per transaction fee' versus a flat management percentage based on investment amount, plus a commission fee.
iii. Rates are likewise consistent and within industry standards.

Heads Up Grant (Attachment FP 3 will be provided at the meeting)

a. Recommendations: NO ACTION. DISCUSSION ONLY.
b. Points of Emphasis:
   i. Funds to be distributed over time as football coaches at member high schools complete a Heads Up training course.
   ii. Reimbursements will be sent to schools, up to $125.00 per school for a one-time grant (pays for 5 coaches to complete the program at no cost).

2. **Approve Budget Resolution** (Attachment FP 4 will be provided at the meeting)
   a. Recommendation: Approve Budget Resolution Document as presented.
   b. Rationale: The NCHSAA operates on a July 1 through June 30 fiscal year and therefore at the spring meeting in May, it is not possible to present an accurate operating budget for the next fiscal year since the current fiscal year has not yet ended. The Commissioner needs to have funding to operate moving into the next fiscal year and this document will grant such authority based upon the previous year's budget.
   c. Budget Impact: Allows the NCHSAA continued operation into the next fiscal year prior to winter Board Meeting budget approval.
   d. Educational Impact: Allows the NCHSAA the opportunity to provide continued service and programming to member schools and student-athletes moving into the next school/fiscal year.
   e. Equity Impact: NA
   f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

3. **2014-15 Budget Review (Attachment FP 5a, FP 5b will be provided at the meeting)**
   a. Recommendation: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis
      i. Football revenues under budget by $42,636 (playoff attendance down by 16,245 people, sponsorship dollars down by $17,090)
      ii. Other fall sports/cheer revenues are higher than budgeted though soccer is incomplete –w. soccer in spring; basketball and wrestling are incomplete.
      iii. Sponsorships up-to-date with receivables.
      iv. Other revenue category is healthy.
      v. Salaries/Benefits on par with exception of Health/Vision Insurance which is over budget (initial budget numbers were thought to include the employer HSA funds but we learned after budget was set that this was not true) and auto fringe benefits
      vi. All other expenses are currently tracking although Catastrophic and Officials insurance are slightly over budget

vii. Miscellaneous line item over budget by $1500

4. **Sports Comparison Report (Attachment FP 6 will be provided at the meeting)**
   a. Recommendation: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis:
      i. VB: Gross revenue, attendance (highest since 2004-05), sponsorship dollars, schools' shares all up from last year; team and NCHSAA expenses also up.
      ii. XCO: Attendance decreased by 500 and NCHSAA net down by $4,460 from previous year; team expenses up slightly, NCHSAA expenses up by $6,100.
      iii. M. SCR: Gross revenue/attendance up slightly from last year; team expenses down slightly while NCHSAA expenses rose slightly; schools' and NCHSAA shares up.
      iv. Cheerleading: Data incomplete due to outstanding photography commission information; 133 teams competed
      v. FB: Gross revenues down by $75,279 from 2013; attendance down by 16,245. Team expenses up by $4,000; expenses paid by host schools up by $6,000; NCHSAA expenses decreased; sponsorship funds allocated down by about $17,000 – left UNC due to field construction and no local funds in W-S to offset increased expense of adding a game at WFU.
      vi. Winter sports comparisons incomplete and will be provided at Winter 2015 meeting. Preliminary reports indicate wrestling championships up by 40% in attendance while basketball attendance was down by 4.6% from last year.

5. **Investment Updates (Attachments FP 7a, FP 7b and FP 7c will be provided at the meeting)**
   a. Recommendation: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis
      i. Reports through 12/31/14
      ii. Endowment investments continue to remain healthy. Up $678,399 since June 2014. Funds held with Wells Fargo decreased in value by $43,112 since 6/2014 while all other accounts have increased slightly.
      iii. Association investments are up overall by $28,175; 1/2015- investment made in amount of $340,000 to new entity, SEI Private Trust
      iv. Checking & Money Market accounts up by $545,794, in part due to renovation loan through Wells Fargo and decreased amount in checking by $381,892

6. **NCHSAA Corporate Partners program relative to local school contract conflicts and funding**
   a. Recommendations: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis:
      i. NCHSAA is reviewing potential financial impact when member schools decline to voluntarily participate in NCHSAA sponsored programs (i.e. Huddle ticket program, Maxpreps stats, etc.).
      ii. NCHSAA has specific partnerships whose effectiveness is based on schools' participation. If entire school systems or large schools opt out of participation,

corporate financial support may be negatively impacted thus proliferating a domino affect which will in turn hurt the collective membership.
iii. Decreased corporate support will impact year-end operating budget, thus resulting in decreased funds available to share with all member schools.

7. **Entertainment Sales Tax Fee**
   a. Recommendations: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis:
   i. Per NCGS 105-164.4G and 106-164.13(60), five types of event/entertainment admission charges may be offered to non-profits as exempt until 12/31/14, including "Youth athletic contests sponsored by nonprofits, where each participating athlete is less than 20 years of age".
   ii. These exemptions expire on 12/31/2014 and these types of activities are no longer exempt from the sales tax on admission fees, effective 1/1/2015.
   iii. NCHSAA will assume sales tax on admission tickets sold for championship events.

8. **Insurance Policies (Attachment FP 8 will be provided at the meeting)**
   a. Recommendations: NO ACTION. DISCUSSION ONLY.
   b. Points of Emphasis:
   i. Monitoring insurance policies with NCHSAA Endowment Fund as beneficiary
   ii. Policies established in 1993 with NCHSAA paying premiums and collecting death benefit upon insured's death
   iii. Two policies require additional premium payments; Wayland Morgan and Lee Andrews

9. **Personnel**
   Contract Carolyn Shannonhouse.
   a. Recommendation: Contract Carolyn Shannonhouse as an Independent Contractor in role as Cheerleading Invitational Consultant with a flat $2,000.00 fee plus electronics (i.e. computer/laptop and cell phone service) for a term to be mutually agreed upon by both parties.
   b. Rationale: Cheerleading is currently an activity rather than a sanctioned sport, and current Sports and Championship staff have multiple sanctioned sports under their respective direction while Carolyn has vast experience relating to spirit and cheerleading and is knowledgeable in this field of expertise and can assume the workload.
   c. Budget Impact: Minimal budgetary impact relative to an event that generates revenues that enhance the overall opportunities for NCHSAA to fund other program and services.
   d. Educational Impact: Na
   e. Equity Impact: Na
   f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Potential wages line item in budget.

a. Recommendation: Provide $35,000 in potential wage funds for Interim Commissioner/Commissioner to utilize for salary distribution and staff reorganization purposes.
b. Rational: Provides funds for hiring new staff and/or providing additional wages to staff whom may assume additional responsibilities beyond current job description/responsibility.
c. Budget Impact: $35,000 expense to NCHSAA although overall salary line item for 2015-16 year will remain lower than anticipated 2015-16 salary line item.
d. Educational Impact: Experienced and compensated staff will provide NCHSAA with best possible staff resources to better serve member schools and will reduce staff turnover.
e. Equity Impact: Provides opportunities to offer adjusted compensation and/or additional staff to improve NCHSAA effectiveness and efficiency, ultimately enhancing membership service.
f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Staff Reorganization and Hiring.

a. Recommendation: Move Michael Niver to position as Assistant to Business and Championships and hire two part-time employees to fill receptionist position.
b. Rational: Business Manager and Championship Directors require support to more effectively coordinate and perform their respective job duties. Part-time reception position, held between two individuals, will provide the phone and basic visitor coverage for the office while not adding additional benefit costs (i.e. retirement, insurance).
c. Budget Impact: $21,000 expense cost although overall salary line item for 2015-16 year will be lower than anticipated 2015-16 salary line item.
d. Educational Impact: Na
e. Equity Impact: Na
f. Effective Date: Upon approval.

Approved _____ Denied _____ Tabled _____

Director of Systems Administration – Website and Video Development

a. Recommendations: NO ACTION. DISCUSSION ONLY.
b. Points of Emphasis:
   i. Juli Kidd hired effective April 1, 2015
   ii. Former UNC Hospital employee, communications and website

Interim Commissioner, effective 6/1/15 through 5/31/16.

a. Recommendations: NO ACTION. DISCUSSION ONLY.
b. Points of Emphasis:
   i. Executive Committee appointed Que Tucker as Interim Commissioner
   ii. Effective 6/1/2015 through 5/31/2016