



PREPARING
RESPONSIBLE AND
MEANINGFUL
BUDGETS

NFHS SUMMER
MEETING
JUNE 2024



LAURA VERMILYA

- CHIEF FINANCIAL OFFICER AT OHIO HIGH SCHOOL ATHLETIC ASSOCIATION
- CERTIFIED PUBLIC ACCOUNTANT SINCE 1992
- 30+ YEARS OF ACCOUNTING & FINANCE EXPERIENCE
- PREPARED 25 ANNUAL BUDGETS AT 6 DIFFERENT ORGANIZATIONS RANGING FROM \$6 MILLION IN SALES TO \$1 BILLION
- SPOKEN AT ROTARY, COUNCIL OF SMALL BUSINESS, HUNTINGTON BANK, CHAMBER OF COMMERCE

IF YOU AREN'T KEEPING SCORE ... WHY PLAY THE GAME?



- If you aren't keeping score – IT'S ONLY PRACTICE
- Keeping score is to consistently inform who is winning or losing ... and who is accountable
- Keeping score gives people the critical feedback they need to make the right adjustments, improve performance and win the game!

KEEPING SCORE MATTERS



- We enjoy the game because we can easily follow the action and keep score –
- **SCORING** gives the game **MEANING**
... the stories behind the score, who did what and what plays made the difference that changed the score, and ultimately how the Game was won ... Strategy

HOW DO YOU
KEEP SCORE IN
YOUR
ORGANIZATION?



WHAT IS A BUDGET?

**An estimate of revenues and expenses
for a specified future period of time**

- Financial plan
- Supports strategic initiatives
- Earmarks resources
- Measures outcomes
- Plan for contingencies
- Help set and establish goals

RESPONSIBLE &
MEANINGFUL

A good budget guides
the financial health of
the organization and
provides measures of
accountability and
transparency.

BOARD RESPONSIBILITY



- Nonprofit board members are responsible for managing the organization's interests, they are legally and ethically obligated, to protect the nonprofit from abuses of power and conflicts of interest.
- Fiduciary Duties
 - Duty of Care
 - Monitoring the budget and financial reports
 - Questioning expenditures
 - Practicing oversight of programs and activities

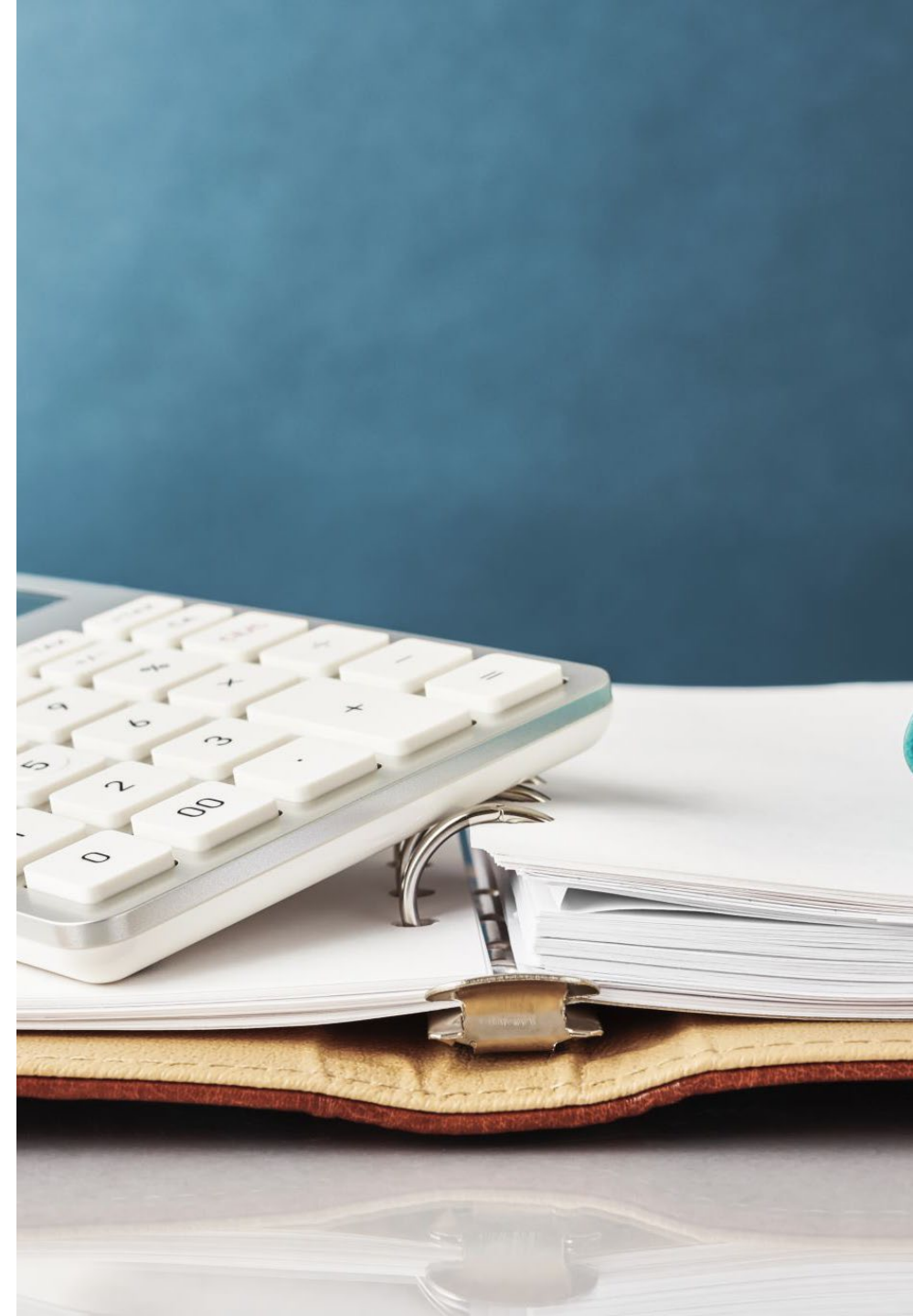
THE “B” WORD

“Your emotional brain responds to the word BUDGET the same way it responds to the word DIET. The connotation is deprivation, suffering, agony and depression.” – Financial psychologist Dr. Brad Klontz, The Cut



MYTHS

- Budgets take a long time
- I don't need a budget
- Budgets are painful
- No one uses the budget
- Budget - a notebook to put on a shelf
- No one is held accountable to their budget
- Budgets are for financial people
- Budgets are stale the moment they are published



TAKING THE PAIN OUT OF BUDGETING

- Establish a timeline with a finite deadline
- Collaborate
- Use templates and models
- Just start
- Do the easy stuff first or Do the hard stuff first
- Review
- Gain agreement



WHO SHOULD BE INVOLVED



- FINANCE LEADS THE PROCESS
- COLLABORATION
 - SPORTS ADMINISTRATORS
 - OFFICIATING
 - OWNERS OF PRODUCT DELIVERY
 - FINANCE COMMITTEE
 - BOARD TREASURER
 - OTHER KEY STAKEHOLDERS

WHEN TO BUDGET



ANNUALLY



MULTI-YEAR (LONG
RANGE PLANNING)



PROGRAM SPECIFIC

TYPES OF BUDGETS

- INCREMENTAL
- ACTIVITY BASED
- VALUE PROPOSITION
- ZERO BASED



EFFECTIVE BUDGETING

Strategic
Objectives

Assumptions

Key Drivers
and Levers

Gain Buy-in

Measure
Outcomes



STRATEGIC OBJECTIVES

- PROFITABLE
- INVEST IN PROGRAMS
- BUILD / MAINTAIN RESERVES
- ESTABLISH OFFICIAL RECRUITMENT AND RETENTION PROGRAM
- TRANSITION TO NEW SOFTWARE
- INVEST IN BUILDING REPAIRS



ASSUMPTIONS

- REVENUE STREAMS
 - TICKETS
 - NEW PROGRAMS
 - SPONSORSHIPS
- ADDITIONAL EXPENSES
 - VENUE COSTS
 - STAFFING
 - BENEFIT COSTS
 - INSURANCE INCREASE
 - REPAIRS AND MAINTENANCE
 - POSTAGE

KEY DRIVERS AND LEVERS

- ATTENDANCE
- TICKET PRICES
- VENUE CONTRACTS AND COSTS
- STAFFING
- BENEFITS / INSURANCE INCREASES
- REPAIRS AND MAINTENANCE
- PRINTING AND POSTAGE INCREASES

Use templates or models



GAIN BUY-IN

- GET AGREEMENT ON ASSUMPTIONS
- COLLABORATE WITH DEPARTMENT HEADS
- ANALYZE BUDGET – COMPARE TO PRIOR YEAR
- WRITE EXECUTIVE SUMMARY
- USE SOUND REASONING
- REVIEW WITH EXECUTIVE DIRECTOR AND FINANCE COMMITTEE
- SEEK BOARD APPROVAL



MEASURE OUTCOMES



- COMPARE ACTUAL RESULTS TO BUDGET
- ANALYZE ASSUMPTIONS VS. REALITY
- WHAT ADJUSTMENTS WERE MADE
- IDENTIFY OPPORTUNITIES
- EVALUATE AND IMPROVE

BUDGET DRIVERS / ASSUMPTIONS

Revenue Drivers

Attendance – flat, up, down

Ticket prices – levels

Membership dues

Corporate Sponsorships – guarantee, revenue sharing

Media revenue

Expense Drivers

Venue contracts

Payments to Officials

Fees on payments to officials

Tournament workers

Digital ticketing fees

Salaries

Employee Benefits - Medical, dental, vision, etc. / Payroll taxes / 403b

Insurance – Catastrophic / General / Auto

Bank Fees

Awards

Meetings

Office supplies

Computer hosting / consulting

Legal fees

HIGH SCHOOL ATHLETIC ASSOCIATION

2024-25 BUDGET

MAY 2024

EXECUTIVE SUMMARY

Reviewing the organization's budget is an initiative in the HSAA Strategic Plan. A good budget guides the financial health of the organization and provides measures of accountability and transparency.

The HSAA Financial Objectives are threefold:

1. Make a profit.
2. Build or maintain cash reserves.
3. Support opportunities for student participation.

2024-25 BUDGET OVERVIEW

The 2024-25 Budget was developed through a collaboration of Sports Administrators, Department Heads and Accounting. The tournament budgets were built from the bottom up using a standard template, projecting attendance and ticket revenue based on the most recent history (Fall 23, Winter 24 and Spring 23). Expenses were built based on anticipated flat fees rates and venue contracts for fiscal 2025. Non-tournament revenues and expenses were based on annualized 2024 experience and projected growth. The Consolidated Budget was then analyzed and reviewed top-down for reasonability.

KEY ASSUMPTIONS:

- Ticket Prices
 - Student tickets are planned at \$5 for Sectional/District/Regional and \$10 for State. These are the same rates as Winter and Spring 2024.
 - Adult tickets are planned at \$8 for Sectional/District, \$10 Regional and \$15 State. These rates are the same as last year with the exception of Regional level, which are lower than 2024. The \$10 price is to assist schools with cash gate sales and to keep early football rounds lower.
 - A blend of digital and cash tickets is budgeted using Winter 24 experience rates.
 - Consistent with prior years, HSAA will absorb HTT fee and fan will pay Stripe fee
- Attendance is planned at 95% of Fall 2023, Winter 2024 and Spring 2023.
- Hosting fees are planned at the same level as last year.
- Team reimbursements are planned at the same level and sports as 2023-24.
- Salaries are budgeted at full capacity plus 3% increase. Benefits are increasing 6%.

Total Revenue is budgeted at \$ x M with 85% coming from tournaments, 7% from corporate sponsorships and media rights, 5% from officials' fees and 3% membership dues.

- Net Tournament Revenues are budgeted at \$ x million which is a \$ x million decline for 2024. It is the lowest net tournament revenue since COVID. The decline is based on three primary factors:

- Maintaining student prices at \$5 for all levels up to State and \$10 at State
- Dropping adult prices at regional levels to \$10
- 5% lower attendance than last year
- Corporate Sponsorships are budgeted at the minimum guarantee of \$ Y.
- Media Rights are based on Spectrum and NFHS contracts.
- Officials dues are planned flat to last year.
- Membership dues at the rate of \$ Y/sport.

Total Expenses are budgeted at \$ x M, up \$ x over 2024 due primarily to the cost increases of officials fees, venue hosting charges and a small contingency fund of \$ y for unforeseen weather.

Salary increases are budgeted at 3%, CAT and other insurances are planned up 8% and legal fees are planned higher than last year due to transition to new firm.

Program-related expenses account for 87% of the overall budget, while administrative costs are 13%. HSAA has made progress ensuring a higher percentage goes toward tournament and programming costs versus administrative. The non-profit benchmark is to keep administrative costs under 25%.

Expense %	2018	2019	2020	2021	2022	2023	2024
Program Related	80%	79%	82%	82%	86%	87%	87%
Administrative	20%	21%	18%	18%	14%	13%	13%

OPPORTUNITIES AND RISKS TO THE BUDGET

Opportunities

- Corporate sponsorship likely exceeds guarantee.
- Attendance growth in football, girls wrestling and lacrosse.
- Contingency funds not fully utilized.
- Growth in recruitment/retention of officials.

Risks

- Gate cash sales under reported.
- Attendance declines further than 5%.
- Securing affordable, quality venues.
- Non-tournament expenses planned tightly.

High School Athletic Association
Budget 2024-25 with Historical View

	Actual	Actual	Actual
Revenue	2018-19	2019-20	2020-21
Fall Sports			
Winter Sports			
Spring Sports			
Member Dues			
Officials			
Education/Training			
Corporate Sponsorships			
Multi-media Rights			
Investment Income			
Other			
Total Revenue	-	-	-
 Expenses			
Fall Sports			
Winter Sports			
Spring Sports			
Salaries			
Benefits			
CAT Insurance			
General Insurance			
Officials Insurance			
Officials Program Exp			
Officials Technology			
Consultant Fees			
Computer Consultants			
Network/Hosting/Phone			
Board/Staff Travel			
Printing			
Office Expenses			
Legal Fees			
Building Maint/Utilities			
Scholarships			
Audit Fees			
Depreciation			
Bank and Credit Card Fees			
Other expenses			
Total Expenses	-	-	-
 Net Income/(Loss) from Operations	-	-	-

Net Income/(Loss) from Sports:

Fall	-	-	-
Winter	-	-	-
Spring	-	-	-

Operating Cash on Hand

Months Operating Cash on Hand

Actual 2021-22	Actual 2022-23	Projection 2023-24	Budget 2024-25
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