



*Inspiring individuals, encouraging excellence through education-based athletics.*

*Sportsmanship • Developing Student-Athletes • Equity • Fair Competition  
Fair Play • Honesty • Integrity • Respect*

January 29, 2021

Senator Todd Johnson  
District 35

Senator Tom McInnis  
District 25

Senator Vickie Sawyer  
District 34

Dear Senators:

This letter is written in response to your December 24, 2020 letter. In that letter you made several written requests, which this letter and enclosures will address.

It is important to be sure you understand that the North Carolina High School Athletic Association, Inc. (NCHSAA) is a membership driven organization, with schools choosing whether or not to join. A staff of 18 persons handles the day-to-day operation, overseen by a Board of Directors. The organization operates by following its Articles of Incorporation and Bylaws. The funds by which the organization operates are generated in a variety of ways, including membership dues, gate receipts, corporate partners, etc. It should also be noted that the North Carolina General Assembly provides funds solely for administering the Student Services Program of the NCHSAA.

Please find your questions and answers as follows:

1. Request all 990 filings since 2010 (see Enclosure A).  
Based on our understanding, when requested, our organization is only required to provide up to three (3) years of 990's. However, ten (10) years are being provided.
2. Request Financial audits since 2010 (see Enclosure B).  
Since as noted above, Student Services' funding is the only funding provided through the North Carolina General Assembly, we are providing reports relative to those funds only.
3. Relative to the \$4 million "refund to local schools"
  - a. Was it Board authorized?  
Yes. All monies given to member schools in this manner must be Board authorized. On December 3, 2020 at the Winter Meeting of the Board of Directors, a COVID-19 Athletic Program Subsidy was approved to be distributed to member schools. Please note this is not a 'refund', nor a 'grant'. Rather, it is a one-time subsidy.
  - b. Formal guidelines governing the refund's distribution?  
Yes. Guidelines are put in place for any and all distribution of NCHSAA funds. Specifically, for the COVID-19 Athletic Program Subsidy, a Board sub-committee, appointed by the President, developed the guidelines.

The subsidy will be appropriated to schools based on the following factors:

1. **Membership dues:** Amount each school pays annually to voluntarily belong to the Association as a member school.

2. An ISP Multiplier: ISP (Identified Student Percentage) is included since the higher the ISP, the more likely that the school may face funding issues related to covering athletic program-related expenses as a result of Covid-19 during the 2020-2021 school year.
3. Sports Shares: Based on teams fielded during 2020-2021 at the varsity and junior varsity levels. Expenses will likely be proportionate to number of teams fielded during the 2020-2021 school year.

- c. How did NCHSAA arrive at \$4 million appropriation level? Why not \$2 million? Why not \$6 million? \$4 million represents a portion of the general endowment fund that is Board designated. The Board of Directors has authority to determine how funds are distributed and what portion is distributed, provided only interest earnings are utilized. During the summer of 2020, staff members discussed possible one-time financial relief to assist member schools due to purchasing PPE and related supplies, expenditure of funds in hopes of a sports season during the 2020-2021 school year, and anticipated lack of incoming revenue during regular season and playoffs in 2020 - 2021 due to COVID19 and state-ordered restrictions. The idea took shape in October and November, in preparation for the Winter Meeting. (As shown in Enclosure C, it is reported that "Sen. Sawyer lobbied NCHSAA to provide \$4Million grant to help fund high school athletic programs".)
- d. Detailed budgetary figures as to the refund's recipients.  
Once calculated for distribution, we will provide the payment amounts for each of the respective schools in your districts.

4. Current budgetary amount unencumbered from endowment restrictions.

As a private membership organization, the Association respectfully declines providing this information.

On behalf of our Board of Directors, I believe this information brings closure to your inquiries. In the midst of your busy schedules, we thank you for your interest in and support of high school athletics. We will be sure to let "your" schools know of your support!

Best wishes.



Que Tucker, Commissioner

CC: Jerry Simmons, President - NCHSAA  
Bobby Wilkins, Vice President - NCHSAA  
Reggie Holley, NCHSAA Legislative Consultant  
Randolph Cloud, NCHSAA Legislative Consultant

ENCLOSURES