Understanding the Business Model of the FHSAA

August 2018
FHSAA History

- 1920 - Opened as a Private Corporation – operating out of UF’s Peabody Hall
- Organized and formed by coaches seeking fair play
The Business of FHSAA

- 1952 – Designated a Non-Profit Private Corporation
- Governed by its Public & Private Schools
- 2018 – 783 Member schools (219 Private; 564 Public)
History of Legislation regarding FHSAA

- **1997** – First recognition in Florida Statutes
  - Named the governing organization for HS athletics for PUBLIC schools (no option)
- **2003**– Legislative study recommended raising fines for eligibility violations and added physical exam requirements
- **2012** – HB 1403 changed eligibility rules on transfers and recruiting
- **2016** – HB 7029 transfers immediately eligible, recruiting penalties increased
The Business of FHSAA – Myths & Truth

**Myth #1**
Perceived as relying on Public Funds (taxes)

**Truth**
- FHSAA does NOT receive state funding or tax dollars
- The Florida Education Finance Program (FEFP) does NOT provide funding for Athletics or Extra Curricular Activities
- Public Schools rely heavily on Activity Funds from ticket sales, fund raisers and donations to fund Athletics
- FHSAA Policy requires member schools only use non-public funds to pay FHSAA dues, fees and fines
Myth #2: Perceived as relying on Penalties/Fines for funding

Truth

- Less than 3% of resources are Fines (2017-18 FY)
History of Fines

- FY 2008: $521,475
- FY 2018: $167,272
Financial Goal
(adopted 2009)

“Fund the organization with 100% ticket sales from State Finals, Sponsorships, Media contracts, and Royalties so there is No Financial Burden to our Schools”
Let’s Talk About…

What’s Better for Student-Athletes

FHSAA changes since 2008

• 35% More participation in Championships
  • 6 to 9 classifications in Baseball, Basketball, Softball and Girls Volleyball
  • 2 to 3 classifications in Golf (50% increase)
  • 3 to 4 classifications in Swimming & Diving
  • 1 to 2 classifications in Girls Weightlifting and Flag Football
• Competitive Cheer began Regional Competitions
• Inclusion of Adaptive Track and Unified Sports Basketball
• Added Rural Division in Team Sports (except soccer)
• Established FASMED Committee focusing on Student Welfare and Safety
Transparency to the Public

Website:
- Budgets – Detailed and Summarized (sample charts next slide)
- Audits
- IRS form 990
- Presentations – “Understanding the Business Model of FHSAA”
- State Championship Attendance, Financials, Other Statistics

Public Board Meetings:
- Discuss/Approve Budgets, and set Fee Policies
- Present independent audits annually (& provide to State Auditor General)
- IRS form 990 provided for information
- Board minutes archived on website
2017-18 Revenue
$5,793,998

- Corporate: 2,277,654 (39%)
- State Series Playoff: 848,653 (15%)
- Classics: 311,849 (5%)
- Service Fees: 515,120 (9%)
- Dues & Fees: 231,261 (4%)
- Fines: 167,272 (3%)
- Invest & Other: 139,247 (2%)
- Championships: 1,302,942 (23%)
2017-18 Expenses - $5,396,007

- Athletic Services & Events: $1,996,618 (37%)
- Officials: $455,852 (8%)
- Board & Admin: $440,156 (8%)
- General Services Fiscal, Tech, Contracting: $578,044 (11%)
- Util, Custodial, Insurance: $247,172 (5%)
- Recognition: $131,173 (2%)
- Compliance: $650,116 (12%)
- Communications: $896,876 (17%)
How the FHSAA uses Resources

- State Series
- Product Donors

Athletics

- Registration Fees
- Official’s wear

Officials

Florida High School Athletic Association
How the FHSAA uses Resources

- Corporate Sponsors
- Portion of Royalties
- Fines and Sponsors

Communications

Scholarships & Recognition
How the FHSAA uses Resources

- Classics Fees
- 3rd Party Corporate
- Member Dues/Fees

- Media Rights
- Royalties and Sponsors
- Investments

Compliance & Eligibility

General Support
2017-18 FHSAA State Championships

$1,114,544 FHSAA Revenue (23% of Total Rev)
239 Games/Sessions (98 Semi; 141 Finals)
107,615 Paid admission
132,134 Attended

$716,682 Expense:
- Participating teams paid $389,594
- Officials $98,580
- Trophies $94,343
- Facility Rent $61,544
- Other event costs $72,621

Net Income for FHSAA = $397,862
2017-18 State Series

2,155 Playoff Events – Hosted at Schools

Revenue Sharing
$5.6 Million for Schools
$835 thousand for FHSAA

% of tickets schools KEEP:
- 100% for 21 sports (2,220 games)
- 85% for 7 sports (1,258 games)
- 75% for football (224 games)
- 4 Cheer region events are bid similar to Finals
# FHSAA State Series (2017-18)

## Revenue: District through Semi-Finals

<table>
<thead>
<tr>
<th>Sport</th>
<th>Receipts</th>
<th>FHSAA</th>
<th>School Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Football</td>
<td>$1,803,129</td>
<td>$444,116</td>
<td>$1,359,013</td>
</tr>
<tr>
<td>Basketball (G&amp;B)</td>
<td>$956,283</td>
<td>$108,336</td>
<td>$847,947</td>
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<tr>
<td>Baseball</td>
<td>$545,775</td>
<td>$72,704</td>
<td>$473,071</td>
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<tr>
<td>Soccer (G&amp;B)</td>
<td>$757,684</td>
<td>$96,961</td>
<td>$660,723</td>
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<tr>
<td>Girls Volleyball</td>
<td>$423,935</td>
<td>$47,463</td>
<td>$376,472</td>
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<tr>
<td>Softball</td>
<td>$303,572</td>
<td>$30,323</td>
<td>$273,249</td>
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<tr>
<td>Competitive Cheer</td>
<td>$59,140</td>
<td>$34,584</td>
<td>$24,556</td>
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<tr>
<td>Track and Field (G&amp;B)</td>
<td>$62,256</td>
<td>$ -</td>
<td>$62,256</td>
</tr>
<tr>
<td>Cross Country (G&amp;B)</td>
<td>$34,516</td>
<td>$ -</td>
<td>$34,516</td>
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<tr>
<td>Swim/Dive (G&amp;B)</td>
<td>$63,333</td>
<td>$ -</td>
<td>$63,333</td>
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<tr>
<td>Wrestling</td>
<td>$91,516</td>
<td>$ -</td>
<td>$91,516</td>
</tr>
<tr>
<td>Others</td>
<td>$28,500</td>
<td>$ -</td>
<td>$28,500</td>
</tr>
<tr>
<td>Est Park/Concessions</td>
<td>$1,367,796</td>
<td>$ -</td>
<td>$1,367,796</td>
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<tr>
<td><strong>Total Est Revenue</strong></td>
<td>$6,497,435</td>
<td>$834,487</td>
<td><strong>$5,662,948</strong></td>
</tr>
</tbody>
</table>
## 2017-18 Net Income

**Playoffs – 8 Sports that share**

<table>
<thead>
<tr>
<th></th>
<th>FHSAA</th>
<th>Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Gate</td>
<td>$834,487</td>
<td>$4,015,031</td>
</tr>
<tr>
<td>Concessions (est. $1.50 pp)</td>
<td>-</td>
<td>$1,017,663</td>
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<tr>
<td>Parking (est. $0.50 pp)</td>
<td>-</td>
<td>$350,133</td>
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<tr>
<td><strong>Subtotal Revenue</strong></td>
<td><strong>$834,487</strong></td>
<td><strong>$5,382,827</strong></td>
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<tr>
<td>Cost of Event</td>
<td>-</td>
<td>($2,168,215)</td>
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<tr>
<td>Loss Funding</td>
<td>($66,069)</td>
<td>$66,069</td>
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<tr>
<td><strong>Est NET PROFIT</strong></td>
<td><strong>$768,418</strong></td>
<td><strong>$3,280,681</strong></td>
</tr>
</tbody>
</table>
The Business of the FHSAA

You can Define the Purpose of a Business by where it gets its money and how it spends its money

- 88% of expense is Event Management, Officials, Training & Publications, Communications, Recognition and General Administration
- 12% of expense is Compliance and Eligibility
- FHSAA does not receive State funding or tax dollars
- FHSAA is a Non-Profit Private Corporation
- FHSAA’s post season State Series generates $5.6+ million per year for member schools athletics through the FHSAA State Series post season
Financial Reform

FHSAA has gone through major financial reform – a few examples:

2008/09:
- $400,000 in member fees ($300 - $1,100 per member based on size)
- $500,000 collected for fines
- 32 sports paid either share of gate or participation fee for State Series
- $257,000 paid by FHSAA to teams participating in State Finals
- $283,993 collected in tournament sanction fees (regular season)

Today:
- $20,000 in member fees ($25 for high schools, $10 for middle schools)
- $167,000 collected for fines
- 8 team sports share a percent of gate for State Series
- $389,593 paid by FHSAA to teams participating in State Finals
- Zero in regular season tournament sanction fees (eliminated)
Annual Resources
Then and Now

2008-09 - $4.4 MILLION
- $1,438,337
  33% from Schools

2017-18 - $5.7 MILLION
- $710,387
  12% from Schools
Funding a Non-Profit Athletic Organization

Member Fees
Service Fees
Donations (rare)
Sponsorships/Advertising/Media Rights
Event Fees & Ticket Sales
Merchandizing (Logo merchandise, photography, souvenirs)
Interest on Investments

Choices are being made to develop a model that best serves the purpose of the organization at the least cost to those it serves (member schools)