

Government Operations and Audit Committee

SDHSAA

The Irrevocable Investment in the South Dakota Community Foundation

Dan Swartos, SDHSAA Executive Director

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About Me

- Began tenure as SDHSAA Executive Director July 1, 2017
- Grew up in Volga, SD
 - B.S.- DSU
 - M.Ed.- SDSU
 - Ed.D.- USD
- Previous- 3 years as a teacher, 9 years as a Superintendent (all in South Dakota)

Corporate Sponsors/Foundation History

- 2001- SDHSAA uses most of its reserves to build current facility
- Corporate Reserve Fund was established to build reserve to approximately \$1.3 Million (60%)
- Corporate dollars began to defray membership dues and parts of postage in 2007, added all postage and 10% of catastrophic insurance in 2010, to all catastrophic insurance in 2011. Value to member districts increased from \$10,000 to over \$200,000 during that time.
- 2013- \$55,000 of Corporate funds placed in the Foundation, \$1 from sub-state contests directed to the Foundation (discontinued after fall sports), Foundation Committee implemented
- 2014- Resumed paying insurance, dues and postage
- 2015- Finance committee recommended using corporate dollars to bring reserves to 60% and place the rest in foundation
- 2016- SDHSAA returned to paying dues, postage, and catastrophic insurance

Corporate Sponsor/Foundation History

- Since 2010- \$1,952,000 has been received by Corporate Sponsors
- Of that \$1.9 million:
 - \$210,000 has been placed in the foundation
 - \$140,000 has gone to the SDHSAA reserve fund
 - \$1.6 million has gone to on-going costs for member schools

Why have a Foundation?

- The goal is to provide a steady stream of income based off of donations that will be returned to the school in the form of money (paying expenses, higher rates of reimbursement) or physical items (safety equipment, AED's, research, etc.)
- Foundation allows access to the larger functions of the SD Community Foundation and guarantee a steady return of investment
- Investment returns are larger than what would be realized with money in a savings account
- Separates those funds from the SDHSAA reserves, gives a more accurate representation of both funds
- Provides public reassurance that no tax funds are going to the foundation.

Current Corporate Sponsors

- Billion Automotive (in-kind donation of automobile usage)
- First Premier Bank/ Premier Bankcard
- Sanford Health
- Farmers Union Insurance
- South Dakota Army National Guard

Where are we now?

- This spring, the four monetary corporate sponsors all indicated their desire to move their sponsor funds to the Foundation (approximately \$300,000)
- Since then, two of the four have agreed to keep their money in the Association for at least another year until things are sorted out
- Should be minimal financial impact to the schools
- Currently looking for long term solutions to patch the gap.

Where do we go from here?

- Participate in a SDHSAA Board directed and SDSSA-involved committee to gauge the interest/appetite of member districts in the foundation
- Take the year to fully separate the SDHSAA and the SDHSAA Foundation
- Set clear lines pertaining to what it means to be a SDHSAA Sponsor versus a Foundation Donor
- Both boards (SDHSAA and SDHSAA Foundation) negotiate those benefits
- Allow corporate sponsors to choose where their funding is going
- Replace corporate sponsors for those who move their funds to the foundation.
- Work WITH the legislature, ensure transparency

Contact Information

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