

Advance CTE and Center to Advance CTE Finance/Audit Committee's Meeting
MINUTES
Conference Call
September 14, 2017

Attendees: Sarah Heath, Mike Mulvihill, Sheila Ruhland

Absent: Rod Duckworth

Staff: Kimberly Green, Kate Kreamer, Sherry Quinn

Welcome and Overview of Agenda: Heath welcomed the Committee and staff to the call and asked Green to present the financial reports.

Green noted the reports are a draft, and we are still waiting on a few final expenses to come in and for the accountant to make some adjusting entries.

Review of Center to Advance CTE Financials: Green presented the Center to Advance CTE (Foundation) reports first and called the Committee's attention to the Balance Sheet and Budget with two tabs each showing current and last fiscal year. For FY17, the Foundation has experienced strong growth; assets grew by 15% and equity was up by 40%. The growth has come largely through development work to secure grants and contracts. The Merrill Lynch Money Market account has been established, so the short-term contracts/grants are not part of the overall investment strategy and not subject to the 1% advisory fee.

Budgets: Green reminded the committee of the new budgeting approach taken for FY18 – which is project based while the FY17 budget was a combination of projects and “natural” accounts/expense categories. The FY17 budgets, for both organizations, are as accurate as they can be but a few numbers may change as the year-end financial reconciliations are still in progress (linked to the audit).

FY17 Budget: Overall, The Center ended FY17 in a strong position. As expected, the revenue share with NOCTI and the product sales have continued to decline. Some grants were single payment (e.g. JPMC) and others are deliverable-based (e.g. IDIQ and Department of Defense). As deliverable schedules shifted, so too did the income, which is why, some of these grants will carry forward into FY18. We anticipate receiving the full allotment of IDIQ grant funds but due to scope changes, we will only receive \$122,000 of the \$133,000 of the Department of Defense contract.

Expenses: No reserve withdrawals were needed in FY17. All major expenses were in line with budget projections. One outstanding expense/revenue to be reconciled are the two initiatives we have set up for Advance CTE to reimburse the Center for – the Learning that Works campaign and the Excellence in Action awards. This reimbursement will happen soon but hadn't been completed at the time of the financial report preparation. We ended the year overall with \$316,000 of income, largely due to grants that came in to cover staff costs, which is helpful to rebuilding the organizational reserves.

FY18 Budget: It is early in the fiscal year, so a limited amount of expenses have been incurred. We anticipate a budget modification, likely during the Board retreat in February 2018, to reflect anticipated new contracts.

Review of Advance CTE Financials: Advance CTE has been and continues to be in a strong fiscal position. Assets are \$2.9 million and total equity is \$2.7 million.

FY17 Budget: Income exceeded projections in nearly every category - memberships, meetings, etc. A few expense lines were over-budget. Legal fees were higher due to the Board request to have the membership structure guidelines reviewed by the attorney. We exceeded our budget for employee benefits by 2%, because of the payout of accrued leave for two longer-term staff who left the organization (Voytek and Hornberger). Merrill Lynch fees were a bit over budget by 5%, but the revenue via interest also followed this pattern. Accounting was over 12% largely due to accountants helping bookkeeping needs given the Office Manager's departure.

FY18 Budget: Twenty percent of the current fiscal year has gone by. We have secured membership renewals from all states but Michigan. Fall Meeting registrations are on target but sponsorships income is struggling. Staff salaries and benefits for the first quarter will be reconciled in early October.

**MOTION: To accept the FY17 and FY18 Advance CTE and Center to Advance CTE Financial Reports as presented.
Ruhland; Mulvihill.
MOTION ADOPTED.**

At the next call our auditor and accountant will be with us to review the FY17 audit and the 990s (tax forms).

Meeting adjourned at 3:45 p.m.