

Advance CTE/The Center to Advance CTE
Finance/Audit Committee
MINUTES
CONFERENCE CALL
March 27, 2020
2 p.m.- 3 p.m. ET.

Attendees: Heather Justice, Bernadette Howard, Victoria Crownover, Whitney Thompson, Sheila Ruhland

Staff: Kim Green, Kate Kreamer

Invited Guests: Mark Friese, Merrill Lynch

Introductions: Justice led introductions.

Review and Approval of Minutes: Justice presented the Finance/Audit Committee minutes from the January 9, 2020 committee call and asked for questions.

**MOTION: To approve the January 9, 2020 Finance/Audit Committee minutes.
Ruhland; Howard.
MOTION ADOPTED.**

Update on Markets and Organizational Investments: Friese described the current market as extremely volatile due to COVID-19. At one point this year, the market was down 35 percent, but has gained 20 percent in just the last three days. He shared that there is no way to predict the overall impact on the economy and that we should expect more volatility in the near future but that the stimulus should help with infusion of money into the economy.

The Association's and The Center's investments remain in alignment with Board-approved policy. For The Center, the overall investments are down about nine percent, which is pretty good compared to the overall market. The overall investment break down is approximately 70 percent in stocks, 14 percent in bonds and 15 percent towards cash.

Friese recommended that we continue with our asset allocation. He also shared that the organization has historically invested in more conservative sectors, like consumer staples and utilities, which should help defend our investments in the overall downturn. The organization's investments are underweighted in some of the more economically sensitive sectors, like technology and high-end services, such as travel and cruise lines.

Similarly, the Association's overall investment is down about nine percent, with the asset allocation in line with the investment policy statement.

Friese provided an update on the fraud activity against Advance CTE over the past few months. Advance CTE has had a number of fraudulent checks attempted to be deposited, which has required a new account to be opened. Friese commended Green for her diligence and staying on top of this issue. Green added that Friese's team was incredibly helpful throughout. Green also

shared that we were caught up in an international fraud case, which is now being investigated by the authorities.

Update on Organizational Financials and Discussion of COVID-related Impact: Green provided an overview of both organizations' financials. She shared that we have rainy day fund and are not concerned in the near term about our financial standing. However, we are holding off on signing our expanded lease until things stabilize and we have some clarity on what is ahead.

Green shared that all of our funders have been incredibly flexible and understanding about environment. They are providing flexibility in terms of moving funding across categories, adjusting timelines and getting no-cost extensions. The staff is in regular communications with our funders and is working to re-elevate our project plans, timelines and budgets.

With regards to The Center budget, Green shared that we are expecting to be underspent on some grants – NSFY Innovation, ECMC, Lumina, Gates and others – largely due to COVID-19. At this time, we are reworking a number of projects and strategies, which will give us more clarity about next steps and where the spending gaps will be. Green also added that the Board of Directors will need to approve budget amendment as The Center received a third round of funding from Siemens Foundation, which kicked off on March 1, 2020.

The Advance CTE budget also will be impacted by COVID-19, given the cancellation of the Spring meeting, which impacts our revenue as well as other related projects, such as 100-Year. Otherwise, Green shared that Advance CTE is in strong financial standing and that we remain optimistic about dues for next year. To date, we have received intent forms from about 45 states. However, as we develop the budget for FY21, we will plan to be more conservative to account for COVID-19.

**MOTION: To approve the Advance CTE & The Center to Advance CTE financial statements, as presented.
Howard; Thompson.
MOTION ADOPTED.**

Green shared that our next Committee meeting is not until June to approve the draft FY21 budgets, but if we need to make dramatic changes to our organizational budgets before then, we will be in touch with this Committee.

Meeting adjourned at 3 p.m.