

NASDCTEc/NCTEF Finance/Audit Committee

**MINUTES**  
**CONFERENCE CALL**

January 12, 2016

4 p.m.-5 p.m. ET.

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**Attendees:** Pradeep Kotamraju, Bernadette Howard, Marie Barry, Connie Beene, Tim Hodges, Sheila Ruhland

**Staff:** Karen Hornberger, Kate Blosveren, Kimberly Green

**Guests:** Don Marshall, Kim Hoffman, Carolyn Skinner

**Welcome:** Kotamraju welcomed the Finance/Audit Committee and thanked them for joining the call.

**MOTION: To approve the September 18, 2015 Finance/Audit Committee minutes.  
Beene; Howard  
MOTION ADOPTED.**

**FY 14-15 Audit Report:** Kotamraju introduced Mr. Marshall to the Finance/Audit Committee. Marshall shared that the Audit went extremely well. There were no issues with the financial statements and the records are in very good shape. He also mentioned that the statements were combined statements of both the Association and the Foundation, as is allowed due to shared governance. Marshall explained that the accountant and the staff prepared the footnotes and the financial statements. He stated that no adjustments were needed. Marshall was pleased with the way the finances are managed, including good internal controls and bookkeeping practices in place. Marshall shared that the \$110,000 grant from Microsoft, which was previously in restricted net assets, has been moved to fully liquid cash. He also stated that the investments are healthy. Once the Finance Committee approves the audit report they will be presented to the Board and they will be finalized.

**MOTION: To recommend the FY 14-15 audit report and financial statements to the full Board for approval.  
Howard; Hodges.  
MOTION ADOPTED.**

**Review of 990's:** Skinner reported that the once the audit is complete, the 990's can be completed because all the numbers in the tax reports are drawn directly from the financial statements with one exception - in-kind contributions are not noted on the 990s. Skinner specifically brought attention to page six where it describes the policies in place to protect the organization and questions related to governance. One of the questions that is asked is if the Board has reviewed the 990's before it was filed. She explained that it is a good practice to see so many 'yes' answers here on the 990's as this demonstrates a strong foundation of internal controls and Board governing policy. Skinner noted that the audit is not a publicly available but the 990's are. Skinner also shared that the 990's include narratives that Green and Hornberger review and update each year.

The Board asked if someone requests copies of the 990 is there a record of that request and are we able to see who is interested in our activities? Skinner replied that no, we can't tell who requested, but anyone can get access through public websites like Guidestar. Green shared that some potential funds have requested to see 990's to "get to know the organization". Kotamraju asked if there were any further questions. With no questions he asked for a motion to move approve the 990's to go to the full Board.

**MOTION: To recommend the NASDCTEc 2014 990's and NCTEF 2014 990's to the full Board of Directors for approval.  
Barry, Ruhland.  
MOTION ADOPTED.**

**Review and Approval of Financials:** Kotamraju presented a summary of the financial information for the period of July 1, 2015 through October 31, 2015. Financials were prepared based on original scheduled call in early December.

Kotamraju shared that income is at 58% of the budgeted projections and is favorable. State dues are at 97% of budget, with California, Minnesota, Ohio, Puerto Rico and Virgin Islands remain unpaid. Only the territories have not responded to recent outreaches and we expect payment from the remaining states. Associate dues are at 108% of the budgeted amount due to increased number of organizational memberships. Interest is at 38% and on target through October 31, 2015. Conference registrations are above target (56%) for the Summit. Sponsorships are limited to the spring meeting, so the only income showing here is from the pilot year-round sponsorships.

Hornberger shared that the approved expenses (legal fees, printing copying, etc.) have been increased for the "DBA" budget modification. Green shared that when we started the branding effort, assumed it would be a minor expense but decide to rebrand full organization, requiring a budget modification.

Kotamraju shared that there is a minimum income for the NCTEF as it has shifted its focus away from the Career Cluster Institute and that adjustments will still need to be made between NASDCTEC and NCTEF. The adjustment between the two organizations will happen at the end of the fiscal year. Printing was over budget was made to purchase more products to allow for a lower price point.

Hornberger shared that the IDIQ contract has been added and will be expended over two fiscal years. Green continued that IDIQ is a multi-year grant and each year the department of education will put out a task order. While we received a small grant this year – there will be additional opportunities for additional funding and grants. We also have a more substantial grant of 2.3 Million dollars that is in the final states. Green stated that we hope to have details on the next financial call in March.

Green noted that we are no longer holding the Career Cluster Institute and in lieu of we are collaborating with ACTE with their Vision Conference. The first year, we set a fixed amount of \$25,000. Going forward the revenue will be a mix of reimbursement for time and travel with a revenue share kicking in after we hit a certain registration target. If revenue share were in place we would have made upwards of \$80,000 from Vision. One area of disappointment worth noting is the ACTE book store as we did not do as well as expected. We likely will not reach our sales goal this fiscal year.

**MOTION: To approve NASDCTEc Financial Statements through October 31, 2015 as presented  
Beene; Ruhland  
MOTION ADOPTED.**

**MOTION: To approve NCTEF Financial Statements through October 31, 2015 as presented  
Hodges; Howard  
MOTION ADOPTED**

**RFP and Auditor Selection:** In January of 2015, the NASDCTEc/NCTEF Finance/Audit Committee asked the staff to conduct research and bring forward information and a draft audit firm/partner rotation policy. With the approval to the modification to the existing policy the staff moved forward with plans to send out an RFP to benchmark audit costs.

Kotamraju shared that we received back five proposal, including the current firm, Dembo, Jones, Healy, Pennington & Marshall. Hornberger shared that looking at the charts provided Dembo, Jones is offering a flat rate compared to the other auditing firms. Beene asked for thoughts on current firm and how they are doing as we are looking to possibly make a change. Hornberger shared that the current firm is doing a good job and are very easy to work with. They are also very approachable and are willing to answer questions as needed throughout the year. She also noted that if we stay with the current firm, we would change partners to get a fresh pair of eyes on the financials.

Howard asked about current practices within the non-profit community. Hornberger shared that we did research earlier this year. Our accountants put together a report noting that it's not necessary to change auditors. As recommended by the Finance Committee we created a policy to benchmark costs every five years and requests new RFP on an as needed basis if major change to organization or dissatisfaction with current firm. Howard noted that Dembo, Jones has been good for us and to us as long as we change partners she is recommending we stay with Dembo, Jones. Hodges agrees with Howard and is glad to hear staff support Dembo, Jones as a member of another Board they decided to maintain a relationship and it only got better. Barry agrees with Howard and Hodges and supports staying with Dembo, Jones. She thanked Hornberger for the research and laying out all the information. Ruhland also agrees and is very impressed with the audit report from the current auditors.

Kotamraju asked if anyone had any further questions and moved for a motion to maintain Dembo Jones as our current auditor with a partner rotation.

**MOTION: To maintain Dembo, Jones as our current auditor with a partner rotation.  
Howard; Barry  
MOTION ADOPTED**

Green acknowledged and thanked Hornberger for her work on the financial reports. She stated that the organization is making a transition for Hornberger to take on a more leadership role, while putting together the financial reports more independently and she did a great job. Kotamraju shared that Hornberger has been a great help to him in navigating the organizations financials and the overall process.

**MOTION: To adjourn 5 p.m. ET  
Ruhland; Beene  
MOTION ADOPTED**