**Advance CTE and Center to Advance CTE**

**Finance and Audit Committee Meeting**

January 11, 2018

Conference Call

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**ATTENDEES:** Sarah Heath, Rod Duckworth, Mike Mulvihill, Sheila Ruhland, Lee Burket

**STAFF:** Kimberly Green, Kate Kreamer

**GUESTS**: Terri McKnight and Carolyn Skinner

**Welcome:** Heath welcomed everyone to the call and reviewed the agenda, which is to review the FY17 audit and 2017 990s.

**Review of FY17 Annual Audit:** Terri McKnight of Gelman, Rosenberg and Freedman (auditing firm) shared an overview of the audit. She said the purpose of the audit is to look for reasonable assurance that the financial statements are accurate, assessing risk, testing internal controls, and determining if there are any material weaknesses. The auditor noted that the organizations have strong controls. In summary, the audit being submitted is considered “clean” and with no findings.

As a reminder, the audit presents a combined set of financial statements, representing the financial assets of both Advance CTE and the Center to Advance CTE.

The organizations are in a strong fiscal position, having secured a number of grants during the timeframe covered by the audit and having a net increase in assets of $439,604 and having minimal liabilities.

McKnight noted that management (staff and the accountant) were well-prepared for the audit, there were no adjustments or misstatements made, no unusual transactions that lacked authoritative guidance and no disagreements with management. McKnight shared that there are upcoming changes to the accounting standards/pronouncements that the organization should watch for, which may have an impact on how the liability of membership dues are recorded, as well as a multi-year lease and some changing of terminology (e.g. unrestricted terms will change to without restriction).

Ruhland inquired about the timeline for these changes. McKnight noted that most of these changes will be phased in over time. There is one change that will be implemented once the new lease is signed, which is to take the full liability of the lease over the course of the term (ten years) and record the liability equally each month over the lifetime of the lease rather than recording the billed lease cost each month (which will increase over the course of the lease).

**MOTION: To approve the FY17 annual audit as presented.**

**Ruhland; Mulvihill.**

 **MOTION ADOPTED.**

**Review of Advance CTE and Center to Advance CTE 990s:** Carolyn Skinner of Dembo Jones P.C., who serves as the organizations’ accountant, provided the Committee with an overview of the 990s. The 990s are required to be reviewed by the Boards before being submitted to the IRS, therefore the organizations have secured an extension until February 15, 2018.

Changes were made in the program descriptions to reflect current work, including new grants. Otherwise, the bulk of the 990s is consistent with the financial statements represented in the audit with the exception of in-kind contributions (which is not included in 990s).

Skinner noted that IRS auditors are looking at officer compensation, making sure that the top executive salary is appropriate and below $1 million; Advance CTE/the Center is well below this threshold. Further, it is important that the salary is benchmarked and the process for setting the salary is documented. For Green, her salary setting process is written in her employment contract.

**MOTION: To approve the 2017 Advance CTE 990s.**

**Burket; Ruhland.**

 **MOTION ADOPTED.**

**MOTION: To approve the 2017 Center to Advance CTE 990s.**

**Mulvihill; Burket.**

 **MOTION ADOPTED.**

**MOTION: To approve the September 14, 2017 Committee minutes.**

**Ruhland; Burket.**

 **MOTION ADOPTED.**

The Committee had an informal discussion with the accountant about the complexity of grants and contracts, which may require the organization to record the full income the year it is received even if the expenses, per the grant/contract guidelines, are intended to be spent over the course of multiple fiscal years.

Call ended at 3:50 p.m.