

Advance CTE/The Center to Advance CTE
Finance/Audit Committee
MINUTES
CONFERENCE CALL
March 31, 2016
4 p.m.-5 p.m. ET.

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

Absent: Bernadette Howard

Staff: Karen Hornberger, Kate Blossverer

Guests: Mark Friese, Merrill Lynch

Welcome: Kotamraju welcomed the Finance/Audit Committee and thanked them for joining the call. He then introduced Mark Friese, the organizations' investment advisor from Merrill Lynch.

Review of Investments: Friese thanked the committee for inviting him to give a brief update of the status of the organizations' investments. He shared that the market has remained volatile since January 2015 and during a period like this the main focus is to protect the assets in two ways. First, he suggested that we remain over-weighted in sectors that are less volatile (like utilities and consumer staples) and remain under-weighted in sectors that are more economically sensitive (like technology and consumer discretionary). Further, Friese stated that we need to remain underweighted in problem areas like international and energy. He shared that all of our accounts are underweighted in energy and have less than 2% exposure to international markets.

Friese shared that our investments are doing slightly better than the market and stated that Merrill Lynch has been very defensive which has been allowing our accounts to do well. He reminded the Finance/Audit Committee that it is Merrill Lynch's job to protect the accounts while in a negative environment. Friese shared that while interest rates continue to rise, we will keep an eye on the bonds and reallocate stocks if the rates continue to rise. He also shared that are bonds are managed by a bond manager who keeps a close eye on them and makes any adjustments that are needed. In the short term, we will be keeping the bonds but be assured the team at Merrill Lynch is monitoring them closely.

Review and Approval of Minutes: Kotamraju presented the Finance/Audit Committee minutes from the January 12, 2016 committee call.

**MOTION: To approve the January 12, 2016 Finance/Audit Committee minutes.
Beene; Ruhland.
MOTION ADOPTED.**

Review and Approval of Financial Reports: Kotamraju and Hornberger presented The Center to Advance CTE/NCTEF financials.

INCOME: Income is at 35%, with only interest, product sales and some new grant money being received. Products sales at ACTE Vision were disappointing, however staff have been working to increase marketing efforts and sales are responding. It is unlikely we will reach our target

income for products. The FORD NGL Grant was received in the amount of \$9000; some of these funds will be allocated to the next fiscal year as that is when the relevant work will be completed. As the contract is still being finalized with CCSSO, JPMC grant funding has not been received. It is likely that the Foundation will expend some reserve funds to offset expenses before the grant is received. However, the grant will fully reimburse the Foundation for all of these expenses. The Association reimbursement to the Foundation for the redistribution of work under the new theory of action plan will take place at the end of the fiscal year when all expenses have been accounted for.

EXPENSES: Expenses are on target at 23% with the expectation that this will increase as the JPMC grant work begins in earnest. Art, printing and copying is over budget due the full refresh of the 16 Career Cluster brochures and Pocket Guide. To keep cost of goods sold low, the quantity of products purchased was increased to obtain the best price possible. Investment expenses are higher but in line with interest income.

Barry asked for a reminder of what the IDIQ grant was for. Blossveren shared that the IDIQ grant is a joint effort with RTI international, Jobs for the Future and Vivayic. Our organizations successfully received a task order through OCTAE's latest indefinite-delivery, indefinite-quantity (ID/IQ) contract. The task the Center to Advance CTE is leading is around supporting better alignment between secondary CTE programs and apprenticeships through site visits, a synthesis reports and a final set of technical assistance tools for state and local leaders.

Kotamraju asked why we haven't received the JPMC grant funds. Blossveren shared that we were still working on a clause in the contract about intellectual property and that we have our lawyers looking at it now.

Kotamraju and Hornberger presented The Advance CTE/NASDCTEc Financials.

INCOME: As of January 31st, income is at 65% of budgeted projections. This is somewhat deceptive of the overall income position because the budget includes \$353,082.55 - 31% of the overall budget - in reserve withdrawals for the Summit, project-based work and payments to NCTEF. \$41,972.57 of the CTE Summit reserve withdrawal has been used and the final invoice and payment will be reflected on the next quarterly report. State dues are at 104% of budget, with the balance of California, Puerto Rico and Virgin Islands remain unpaid. Only Puerto Rico has not submitted an intent form – Virgin Islands are actively pursuing payment of its dues. Associate dues are at 108% of the budgeted amount due to increased number of organizational memberships. Interest is at 82% and exceeding budget as of January 31st due to minimal reserve withdraws. 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.

EXPENSES: Expenses are at 49% and in line with projections. Several expenses (insurance, license fees) are annual fees that have already been paid. The contractor's expense line shows a payment to PWC for the CTE Summit, which occurred in October. Merrill Lynch charges are slightly above expectations as but are in line with an increase in interest in the account.

Note: Originally in the financial report it was stated that the employee benefits are over budget at this time due to 30% of the overage is from the use of PTO leave used primarily by two staff members who have had to take additional leave for family. This was in error as this benefit is part of salaries and not actual benefits. It has been corrected in the financial reports for January 31, 2016.

Hornberger asked if anyone had any questions regarding the financials. Kotamraju asked about the funding for the new staff members. Blosveren shared that the funding was coming from the JMPC grant and that most of their time will be paid for by this grant.

Pradeep asked for a motion to approve the financial statements as presented.

**MOTION: To approve the Advance CTE and The Center to Advance CTE FY 16: July 1, 2015 through January 31, 2016 financial statements as presented.
Hodges; Ruhland.
MOTION ADOPTED.**

Meeting adjourned 4:34 p.m.