

NASDCTEc/NCTEF Finance/Audit Committee

MINUTES

CONFERENCE CALL

June 11, 2015

3 p.m. – 4 p.m.

Attendees: Tim Hodges, Rich Katt, Bernadette Howard, JoAnne Honeycutt,

Absent: Mike Mulvihill

Staff: Kimberly Green, Karen Hornberger, Kate Blossver

Guests: Pradeep Kotamraju, Connie Beene, Sheila Ruhland

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

MOTION: To approve the January 15, 2015 Finance/Audit Committee minutes.
Howard; Hodges.

MOTION ADOPTED.

Budget Overview: Green thanked Karen and Kate for their assistance in doing research and pulling together the recommendations for the budget. The process for developing the budget includes careful analysis of the prior year(s) expenses and income, contractual obligations (current and future) and strategic plan priorities projected for the coming year. A lot is in flux in the coming year with rebranding/rebuilding of the Foundation and the Future of CTE Summit. Investments are being made to grow the organization and its partnerships, reach and impact.

Green reviewed the balance sheet and shared the big picture and health of each organization. She stated the Association has \$3.2 million in assets; \$3.1 million in investments which do not include A/R for dues. The Foundation has \$336,000 in assets; \$258,000 in investments; and the Microsoft funds of \$110,000 that has not been allocated yet. These funds will be moved from restricted net assets to unrestricted assets in FY 16. Overall the staff approached the budget conservatively but not austere. The 85/15 split between NASDCTEc and the NCTEF was retained, which affects most of the operational costs including rent. Staff maturation means additional benefits begin to accrue, thus increasing the budget for such benefits.

NASDCTEc FY15 Budget Recap: Green shared that NASDCTEc has a strong income position, with 90% of the budgeted income received. The organization has not needed to draw down any reserves, as budgeted, due to greater than projected revenue for meetings and sponsorships. Due to increased meeting registrations, several related expenses were higher than budgeted (audio visual and banking changes associated with registration processing). Postage expenses were higher than projected due to additional activity in government relations. An unplanned, mandatory IRS amendment was needed to the retirement plan, bringing licenses and over budget. All other line expenses are in line with or below the budget.

NCTEF FY15 Budget Recap: NCTEF income is much lower than projected, with 90% of the fiscal year completed compared to 38% of income received. Only \$35,000 of the \$87,000 of reserves has been used. Interest and dividends are low but only represent reconciliations made through April. Revenue from the workshops and products sale will not meet budget targets. Staff has been diligent in reducing expenses to align with the reduced income. Most of the project-specific budgets are under budget. Fundraising expenses were held off due to putting in place the theory of action mission. This is critical work to bring clarity before pursuing funding. G&A

expenses are also below budget except for the fixed expenses like rent and insurance. Accounting is over budget, as the external reconciliation process and accounting requires about the same amount of effort despite the decrease in assets and income.

NASDCTEc FY 16 Proposed Budget: Green stated the proposed income reflects a 1.6% increase in state dues, in line with the dues increase approved by the Board in January. State and associate membership dues reflect the standing practice of budgeting 95% of the dues that have been invoiced. State-level associate dues are slightly lower due to the state team pilot, which accounts for a \$1200 reduction with 16 current associate members projected to take advantage of complimentary membership offered through the pilot. Despite the pilot, the budget still proposed to increase associate dues due to new members joining the Association.

The budget requests three reserve withdrawals:

- \$86,000 to balance budget which is reduced by 32% from the previous year
- \$175,000 approved funds for PwC for the Future of CTE Summit
 - Conference income retained even though fewer paid registrations are expected.
 - Registration rates were increased to cover the increased cost of food which averages about \$400 per person.
 - No sponsorships are being sought for the Summit however the \$10,000 in year-round sponsorships is being applied to that event.
 - Co-conveners contributions are partially offsetting the lack of Fall meeting.
- Payment to NCTEF for specific project-based work which includes CCTC-CCSS alignment study, Excellence in Action Awards, and some state policy work.

Green shared that there are places where funds can be trimmed instead of taking a reserve withdrawal if needed, but doing this would certainly cut out professional development, equipment, scale back travel and no salary increases to name a few cuts. It would also put a hold taskforces and increase the need to make decision about initiatives, fundraising and membership/revenue sources.

The proposed budgeted expenses includes an increase in meeting and meals due to increased hotel catering costs, as well as the additional expenses associated with the February 2016 Board retreat. Audio visual expenses have also increased due to costs and the projected vision roll out at the Spring Meeting. Excellence in Awards will be moved back to the Foundation, decreasing the budget needed in the Association. Printing/copying, postage and legal is all being increased due to new projects within the strategic plan. Salaries are being reduced due to some projects being shifted to the Foundation. A supporting worksheet was supplied with the proposed budget showing the shift in allocations of staff time. As it was recommended for FY15, the proposal calls for a bonus pool to be established after FY15's financial statements are finalized.

MOTION: To approve the FY 16 NASDCTEc budget as proposed and advance to the full Board of Directors for approval. Katt; Hodges.
MOTION ADOPTED.

NCTEF FY16 Proposed Budget: Green stated that the NCTEF budget reflects the approved theory of action, which includes shifting some activities to the NCTEF, like the Excellence in Action Awards, CTE: Learning that Works for America campaign, and some state policy work. The budget proposes to proceed with the CCTC-CCSS project, which was postponed by the Board in FY15. These activities are being reimbursed by NASDCTEc, in part due to the direct

member benefit and in part due to fiscal necessity. The estimated expenses are \$63,000 and are direct expenses and do not include staff salaries and benefits.

On the income side, the budget is aggressive in its goals for products sales due to the planned updating of the inventory and visibility for the products at the VISION conference and state workshops. A reserve withdrawal is necessary to cover the budget shortfall of \$137,000, which largely covers fixed operating G&A expenses and staff/benefits. The agreement with ACTE for the VISION conference is a fixed reimbursement with a cap of \$25,000 for the first year.

Expenses are aligned with projections of increased sale of products. Salary and benefits are increased due to the increase in staff time for the projects being shifted from the association to the foundation e.g. the CCTC-CCSS alignment study, Excellence in Action Awards, and some state policy work. A supporting worksheet was supplied with the proposed budget showing the shift in allocations of staff time. The Excellence in Action awards budget aligns with the individual award, so fewer winners means there will be less expenses. The proposed accounting budget is reflective of actual FY15 expenses. Legal expenses were increased in the proposed budget due to the authorization to proceed with the “DBA” when the rebranding for the Foundation is completed. Overall, the proposed NCTEF FY16 budget is as conservative without being austere.

MOTION: To approve the FY 16 NCTEF budget as proposed and advance to the full Board of Directors for approval. Ruhland; Howard.
MOTION ADOPTED.

Adjourned 3:45 p.m. ET.