

Advance CTE/The Center to Advance CTE
Finance/Audit Committee
MINUTES
CONFERENCE CALL
November 1, 2019
3- 4 p.m. ET.

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

Absent:

Staff: Kimberly Green, Kate Kreamer

Introductions: Justice led introductions.

Review and Approval of Minutes: Justice presented the Finance/Audit Committee minutes from the June 14, 2019 committee call and asked for questions.

**MOTION: To approve the June 14, 2019 Finance/Audit Committee minutes.
Howard; Crownover.
MOTION ADOPTED.**

Update from Merrill Lynch investment advisor: Green provided some background on our investment portfolio and introduced our investment advisor, Mark Friese.

Friese gave an overview of economy, sharing that interest rates are extremely low, making it challenging to make investments in that environment. We have a flexible investment but also a fairly conservative strategy to protect against potential market downturn, focusing on more recession-resistant investments (e.g., utility companies, consumer staples).

Looking back over the last few years, the organization's annual investment increase is about 8.7 percent each year, which is well above S&P 100, Dow Jones and international markets.

Friese asked for comments and questions.

Green shared that The Center has done well with grants but some are only a year long. We have created a money market account for short-term grants so that we can earn more interest than if it were just in a savings accounts. We put a portion of our longer-term grants into the investment accounts.

Overview and approval of Advance CTE Financials: Green provided an overview of Advance CTE's balance sheets. At the end of last fiscal year, we had just under \$3 million in investments, which is obviously very positive. Green shared that the major liabilities are accrued vacation time and state membership dues (due to the fact that we only recognize one-twelfth of state dues each month even though we receive the dues in a lump sum.)

New to the balance sheet is that we have to include our office lease as a liability. We have not had this in the past but there was a change in how we need to account for rent that requires us to

include the entire lease obligation. Green reminded the Committee that while the lease is signed by Advance CTE, the rent is shared between Advance CTE and The Center to Advance CTE. However, the entire liability shows up on Advance CTE's balance sheet, even though both organizations do share the liability and burden. Green asked for any questions.

Hearing no questions, Green shared the Advance CTE budgets, starting with final FY19, which includes our final year-end actuals. The Advance CTE income is very strong on a number of fronts. We had increased membership, along with sponsorships, meeting registrations, etc. We also had an unintended income on the Perkins regional meetings due to higher registrations that we anticipated.

Green summarized that ended up with a "profit" of almost \$332,000, which will turn into organizational assets that can be invested or used in the future to fund other priorities, or as a rainy day fund.

Green then turned to the FY20 budget and shared that dues are coming in strongly from states and we have confidence we all 50 states will once again be members. We have had continued growth in associate and organizational members as well.

Green noted that some of the rows have asterisks; these are new grants/contracts that Advance CTE has have received that were not part of the original budget approved last June. We will need to go back the finance committee and Board of Directors with a budget modification to account for these new contracts, which include a contract with Iowa to support Perkins V plan development, a partnership with the U.S. Chamber of Commerce Foundation around Talent Pipeline Management, and a partnership with NASFAA to collaborate on a survey about extending Title IV aid to short-term programs.

Crownover asked when we will have a budget for the remainder of the fiscal year. Green shared that we will be updating The Center budget to extend to a full 12-months once we finalize our grant agreements with JPMorgan Chase, Siemens Foundation and ECMC Foundation, which should all happen in November. Our goal is to submit updated budgets for Advance CTE and The Center in early December.

**MOTION: To approve Advance CTE FY19 and FY20 Financials.
Howard; Crownover.
MOTION ADOPTED.**

Overview and approval of The Center to Advance CTE Financials: Starting with the balance sheet, Green described the "temporarily restricted net assets" row, which is how we treat grant funding that is received in one fiscal year, but will not be expended until a future fiscal year. Also, since we now do monthly reconciliations of staff time, so grant expenses are more accurate.

Green then walked through the FY19 final budget. One grant that was not part of what was approved by the Board of Directors in the spring is our new Joyce grant, which is focused on

Perkins V implementation. This will also be included in our updated budget submitted in December.

Green shared that we are trailing expenses for a number of our grants, because of staff turnover, efficiencies in how we approach the work and the fact that some work got pushed to FY20 due to capacity or updated project timelines. However, in a few cases (Siemens 2.0, Joyce), the approved FY20 budget is slightly higher than the amount of resources actually left at the end of FY19. Green shared that we are working through spend down plans for those grants ending in December and preparing for new grants, new hires and the office expansion. The bottom line is that our position is very strong on income over expenses.

Kreamer shared that we have full confidence in having final, approved grant agreements for JPMorgan Chase and ECMC Foundation by the end of November, but the next Siemens grant might be on a slightly longer timeline. While we are confident that we will get our next round of funding for them, their process is less defined than JPMC and ECMC and Siemens Foundation leadership is

Justice shared that she has been in meetings with partners and funders over the last few weeks and have heard positive things about us individually and Advance CTE.

MOTION: To approve The Center to Advance CTE Financials.

Howard; Crossover

MOTION ADOPTED.

Update on forthcoming budget modifications: Green shared that we have a call scheduled on January 9, 2020 for a preview of our audit findings from our accountant and tax documents. She will send out a reminder shortly.

Crossover asked about effectiveness of technical assistance being offered for Perkins V, which she noticed in the notes column. She heard positive feedback around the Perkins meetings but was curious how the other supports are going.

Green described our 50-state strategy (e.g., Perkins meetings, shared solutions workgroups, expert review of draft plans), which are intended to benefit all 50 states. In addition, we had an opportunity for a set of funder-identified priority states to apply for targeted technical assistance. We are working with nine states that varies greatly from state to state. We still plan to take the learning and apply for all states whenever possible.

Justice shared that it has been helpful to have a thought partner to talk through challenges and access to individuals with multi-state lens. Kreamer added that each state is looking for something different, but all seem to be appreciating having a national partner/perspective, whether as a thought partner or to balance the perception of a state agency driving their own agenda. We are also working to identify lessons learned and tools that are developed to share out with all states. For example, we have three states interested in building a process and tools for identifying equity gaps and training local leaders on how to use that process and tools. We will

be developing the process with one state and then piloting across three states; based on this approach, we anticipate having something from which all states can benefit.

Green added that Advance CTE with the funders identified a few states that would benefit from more intensive coaching over a 12-18 month period. The states are New York, Washington and California.

Thompson joined late, since she had not yet received the log in details, and introduced herself.

Justice thanked everyone for their time.

Meeting adjourned, 3:40 p.m. ET.