

NASDCTEc/NCTEF Finance and Audit Committee

MINUTES
CONFERENCE CALL

June 12, 2014

3 p.m. – 4 p.m.

Attendees: Rod Duckworth, Tim Hodges, Lee Burket, Bernadette Howard, Mike Mulvihill, Marie Barry, JoAnne Honeycutt

Staff: Kimberly Green, Karen Hornberger, Kate Blossver

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

Budget Overview: Green thanked Karen and Kate for their assistance in doing research and pulling together the recommendations for the budget. Green reviewed the balance sheet and shared the big picture and health of each organization. She stated the Association has \$2.2 million in investments not including A/R and checking while the Foundation only has \$228,000 in investments and the Microsoft funds, temporarily restricted net assets, of \$110,000. We have about \$200,000 in recent revenue on the Foundation side but we still need to do the payroll reconciliation for the second ½ of fiscal year. The Achieving Excellence Institute/National Career Clusters Institute looks pretty good in terms of revenue and we are confident that we will have no hotel attrition. Even with the lower than projected participation and sponsorships, we will result in a net revenue of at least \$100,000. This is more than we predicted in the FY14 budget.

Proposed NCTEF Budgets: Green stated that because of the decision to eliminate the Institute in 2015 and the fact that the collaboration with ACTE will not begin until November/December 2015, there is a significant loss in revenue for NCTEF in FY15. Depending on the outcome of this fiscal year, this is probably the last fiscal year where staff would be comfortable relying upon reserves to balance the NCTEF budget. Given the critical income situation, staff recommends continuing product sales for another year. This recommendation would rescind the Board vote in Spring 2014.

The staff is proposing a new operational allocation between NASDCTEc and NCTEF. Previously the split was 25/75 and then the last two fiscal years it was 33/67. We are proposing a new split of 15/85 based on projected staff time allocations between the two organizations. NCTEF will have significantly less staff time given the elimination of the Institute. Additionally, the decision to eliminate the Institute will likely result in some staff changes.

Proposed NASDCTEc Budget: Green shared that the Association will retain the full costs of the awards program, estimated at \$18,000 and align that program with the Spring Meeting. Other changes that will impact the proposed budget include moving the communication budget into the main budget as a line item rather than a separate campaign budget. This budget was approved by the Board and we are still drawing down from the approved \$750,000 budget. We still have \$468,000 left in campaign budget and will keep track of the expenses as they are being used. Staff maturation means that additional benefits begin to accrue as well as the related cost

of benefits increasing. The proposed operational allocation between the NCTEF and NASDCTEc means that the Association will be taking on a larger burden of these expenses. Green noted that we are fully staffed with 7 employees and one part time temporary administrative position. Once this fiscal year is over, we are looking at some shifts in staffing to better reflect the proposed work for FY15. This will mean reducing meeting planning duties and shifting to some duties to a less senior administrative position.

Reserve Withdrawals: Green stated that each proposal requires a reserve withdrawal to fund projects (CCTC on NCTEF side; communication work on the NASDCTEc side) and to support overall organizational operations. Reserve withdrawals total \$232,692 out of \$1,113,454.90 which equals about 21%.

- \$80,000 is project based as well as new work.
- \$125,000 due to loss of CCI Revenue

Green recommends closing out FY14 financials and seeing what the “profit” is, then doing a budget modification for a bonus pool for the staff. We need to reward staff who have helped with the success in FY14. Additionally, Green noted that the proposed budgets are not ‘austere’ as we did not eliminate every expense to bring the budgets into balance. Instead, we trimmed where appropriate and recommend this year be viewed as a bridge year where we put in place the partnership with ACTE, some fundraising activities and the Board-approved taskforces that may have implication on revenue sources and membership.

Committee Discussion and Feedback: The overall consensus of the Committee is that the staff did a good job with the budgets and cut where possible without hurting the work and momentum of the organization. Staff was asked to share more about the fundraising plans. Green and Blossveren are developing a fund raising plan to propose to the Board in the fall. Grants are more project based and not for operational expenses. It is an exploratory effort that will hopefully result in a solid plan.

The Committee concurred with the overall approach of the budgets including the new allocation of operational costs between organizations, the creation of the bonus pool, and the investment in fundraising. The Committee thanked the staff for the judiciousness with which the budgets were developed.

Duckworth thanked the staff and appreciated the level of detail and care that went into the budget. He asked if anyone had any further questions. With no further questions, Duckworth asked for a vote to move the proposed budgets as presented to the full Board for approval.

MOTION: Approve the FY 15 NASDCTEc and NCTF budget as proposed and advance to the full Board for approval. Mulvihill; Barry.
MOTION ADOPTED.