

Association for Career and Technical Education  
Audit Committee Meeting  
Monday, September 19, 2016  
12:00 PM EST  
Conference Call

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**Members Present:**

Mary Anne Berens  
Alex Gromada  
Lavyne L. Rada  
Shelly S. York

**Members Absent:**

Rex Buckhaults  
Doug B. Golding  
Dexter Knight  
Karen Mason  
Mark Pogliano

**Others Present:**

Cora Arita, ACTE  
Allen DeLeon, DeLeon & Stang  
Ryan Crabbs, DeLeon & Stang

The meeting began at 12:02 pm. Cora Arita turned the meeting over to Allen DeLeon to begin the review of the draft ACTE FY16 Financial Statements and Supplementary Information with Independent Auditor's Report and the (SAS) No. 114 Letter to the Audit Committee. All documents had been emailed to the audit committee on September 9, 2016.

**Review of the Independent Auditor's Report, Financial Statements and Supplementary Information**

Mr. DeLeon discussed the opinion letter and confirms that the financials are in accordance with U.S. generally accepted accounting principles (GAAP).

Mr. Crabbs reviewed the Statements of Financial Position also referred to as the Balance Sheet. The total liabilities and net assets ended fiscal year 2016 at \$6,014,856 which was down from \$6,087,169 in fiscal year 2015. Mr. Crabbs cited the reason for the decrease was primarily due to the investments and property and equipment. Net assets or equity increased from \$4.1 mil to \$4.25 mil. Each net asset category was supported by schedules later in the report.

Mr. Crabbs continued with his review of the Statements of Activity also referred to as the Income Statement or P&L. The total revenue in FY16 totaled \$5 mil and the change in Net

Assets in FY16 was a profit of \$147,350. Mr. Crabbs referenced the Statements of Functional Expenses for the detailed breakdown of total expenses for FY16 and FY15.

Statements of Cash Flows were reviewed. The net decrease in cash and cash equivalents was \$138,803. This decrease was primarily due to marketable securities and fixed asset purchases. Cash ending balance totaled \$122,000 in 2016 compared to \$261,000 in 2015.

Mr. Crabbs highlighted the Notes to the Financial Statements portion of the Audit Report.

Mr. Crabbs reviewed Notes 1-Organization - shows the organization unchanged operating activities.

Mr. Crabbs reviewed Notes 2-Summary of Significant Accounting Policies – Basis of Presentation which shows ACTE complies with FASB Accounting Standards used by non-profits.

Mr. Crabbs reviewed Notes 3-Marketable Securities shows the investment income gain/losses for each year. Ms. Arita noted that although there was an unrealized loss this year, investments overall remain strong.

Mr. Crabbs referenced Note 4-Property, Equipment and Depreciation for items being depreciated each year and includes new purchases that totaled \$124,000 this year. Ms. Arita noted that all items purchased were budgeted.

Mr. Crabbs reviewed Note 5-Notes Payable ACTE refinanced the Commercial Loan in 2013. The annual maturities are listed accordingly and the note will mature in 2023.

Mr. Crabbs reviewed Notes 6 & 7 related to Net Assets and explained detailed schedules were included as part of the audit report. Mr. DeLeon noted that these assets are restricted by the donor.

Mr. Crabbs noted Note 8-Rental Revenue as the details of the lease agreement and the disclosure of total rental revenue.

Mr. Crabbs noted Note 9-Retirement Plan as the details of the contributions made in 2016 and 2015.

Mr. Crabbs touched on the schedules listed in the Supplementary Information section of the report and their comparisons to the previous fiscal year which were audited as well.

Mr. DeLeon discussed the (SAS) No. 114 letter and stated the firm did not experience any difficulties in performing the audit and there were no disagreements with management. Mr. DeLeon briefed the committee that no Management Letter was required as there were no issues, no material weaknesses and no control deficiencies. ACTE's has strong internal controls. Mr. DeLeon acknowledged the Accounting staff for consistently making the necessary preparations in advance.

Mr. DeLeon concluded his report and noted preparations for the annual tax return are in complete and will be filed due on November 15.

Ms. Arita briefed the Audit Committee on the Committee Objectives and Audit Review Committee Charter.

Ms. Arita briefed the Audit Committee on the ACTE Whistleblowers Policy. This policy relates to any financial fraudulent actions violations. This policy is distributed to staff during their new hire orientation and also once a year to the entire ACTE staff.

Ms. Arita discussed the current ACTE Internal Controls are reviewed annually and it is up to date and there are no necessary changes to the document.

Ms. Arita discussed the FY17 Financial outlook. We have budget a deficit for FY17 primarily due to two Board approved investment opportunities.

Committee members unable to participate will have an opportunity to listen to the recorded call and a full vote to approve will be conducted electronically. Subsequently, a recommendation to the Board to accept the FY16 audit will be made at the November meeting in Las Vegas.

The meeting adjourned at 12:45 pm.