Committee Members Present: Bob Kittredge, Annabel Grimm, David Stachura, Tod Kimmelshue

Members Absent:

Other Board Members Present: Debra Larson, Ann Sherman

Also Present: Vance Kelly, Mary Sidney, Natalie Carter, Michele Flowerdew

1. Call to Order – Kimmelshue called the meeting to Order at 11:04am.

2. Approval of Minutes from December 4, 2019 – Action Item

   Motion to approve the minutes with suggested changes from December 4, 2019
   (Kittredge/Grimm)
   (4/0/0)

3. Public comments – None

4. Reports

   a. Financial reports – Kelly shared about the impacts of the COVID-19 pandemic on the
      CSE investment portfolio. He shared that there have been losses in the bond market,
      and that the portfolio is down by approx. 15 percent from the beginning of the year,
      wiping out recent gains. He continued CSE’s cash position has increased from the
      beginning of the year. Compared to balances from Fall 2019, it is clear that the increase
      in the cash position is directly related to a decrease in accounts receivable and unbilled
      revenue. Receivables had been identified as an issue in the audit. Aging reports and
      increased collection efforts have helped in reducing outstanding balances. Down from
      15.3 million on June 30, 2019 to 11 million at the end last quarter.

      We are ahead of schedule for our year-to-date indirect cost recovery, although a slow
      down is anticipated due to COVID-19. Kelly shared that on the financial reports the cash
      flow is adjusted to ensure the cash on hand matched with the unearned revenue for
      Sponsored Programs. Kittredge asked about a discrepancy between “Due from other
      funds” and “Due to other funds” in the Statement of Net Position. Kelly shared that
      there is likely an internal outstanding balance from University Foundation in the “Due
      from”.

      Grimm asked what the anticipated unbilled revenue was for the year end. Kelly shared
      that he was working with the team to resolve unbilled revenue. Kelly shared about how
      the financial statements relate to each other. He shared plans to review the statements
      in greater detail at a future meeting. Larson asked for clarification relating to unearned
      and unbilled revenue. Kelly explained that unearned revenue consists of funds received
      for a specific task that has not yet been completed, while the unearned revenue must
      contain adequate funds to meet the obligation. Unbilled revenue is essentially the
amount of accounts receivable, where the funder has not been formally billed. Larson
clarified that the goal was to reduce the unbilled revenue by managing billing activities
each quarter. Grimm commented that the unbilled revenue currently is only about a
million dollars less that June 30, 2019 and asked about the plan to catch up. Kelly
clarified that the unbilled revenue is being collected on a more frequent basis, and
shared a preference to bill on the last day of the quarter rather than the first day.
Currently billing takes place after the end of the quarter. Grimm asked about the aging
of the billing. Kelly shared that new contracts will allow for more frequent billing, but
that some existing contracts have longer periods (i.e. semi-annually, quarterly) before
we are able to bill. The unbilled revenue balance will likely remain relatively high until
the current contracts are no longer in effect. Flowerdew added that the month closes
the 15th of the following month, which is when invoicing occurs and that results in funds
appearing in unbilled at the end of the month) Sidney shared that changing billing
terms, as well as the timing of the F&A charges and close will allow for a timelier
alignment of the financial reporting.

Kelly shared an example that there had been two outstanding invoices, well beyond 120
days totaling more than $150,000. After much research, it was ultimately determined
that billing had not been sent. Staff was ultimately able to collect from the funder. Kelly
also shared that collection is time consuming, and that staff must prioritize resources by
the amount outstanding and likelihood of collection.

b. FY2019-20 RF General Fund budget – Kelly shared about the Budget to Actual report.
Kelly explained that for fiscal year 18/19 the percentage used had been changed to the
actual variance, and that for fiscal year 19/20 the percentage used was changed to
remaining compared to budget. Sherman expressed her appreciation, and her
perspective that this change will allow for improved detection of anomalies.

Vance shared that this fiscal year’s budget had unknown costs associated with the
reorganization. There has been a focus on the staffing expenses and expenses seem to
be on target. He continues that we still have a pending dividend from the insurance
company which is why the insurance expense is currently so high. Sidney added that she
and Kelly have been working to present the budget detail in a more easily
understandable format. She discussed that personnel is the largest piece, and her goal
to develop a forecast and reconciliation with the ability to person by person, benefit by
benefit. She added that a recently renewed arrangement with KoaHills for OneSolution
implementation support, will help by creating reports that are able to extract and
forecast the desired information. Sidney shared about personnel vacancies further
impacting year end totals. She continued, that overall the budget is in balance and F&A
revenue is slightly ahead which will allow for a cushion as programs shift to remote
operation and are impacted by COVID-19. Larson asked about changes in F&A from the
Agency side. Flowerdew shared that there have been several no-cost time extensions
offered by funders. Contracts activity has maintained steady, and many funders are
allowing for electronic signatures at this time.

c. Update on AR/billing efforts – (see above) Grimm requested a statement of cash flows
and an AR aging report in future packets to enhance understanding of how funds are
moving.

d. J.P. Morgan Chase Revolving Line of Credit Terms – Kelly shared about his research on
securing an uncollateralized 1 to 5 million dollar line of credit. He shared that the
interest rate is relatively low, but upfront costs and fees on unused funds would make
the line of credit costly. Kelly shared his perspective that securing a line of credit be a
last/worst-case scenario. Larson asked about how quickly a line of credit could be
secured in the future. Kelly shared that it could take 4-7 weeks for a line of credit.
Larson expressed concern about the turnaround being too long, if an issue were to arise. Kelly shared that cash management has been improved and he was not concerned about cash flow at this time.

Sherman asked about resources that may be available as part of the stimulus. Sidney shared plans to evaluate potential resources in the coming weeks. She shared about some potential funding opportunities. Sherman asked if small business financing might be available. Sidney shared that Auxiliaries are lobbying for consideration to modify language identifying eligibility requirements. Sherman added that separate awards may be possible, by identifying operating units individually for funding.

Sidney shared about ongoing recruitment efforts, currently the finance department is slowed by vacancies, and the ongoing implementation of OneSolution. She added that the team is generally keeping up with day-to-day business, but that everything is not current. Kelly shared that priorities for the implementation of OneSolution had been identified, and he is optimistic about future reporting capabilities. He agreed that understaffing was one of the biggest challenges. Kittredge asked about staff vacancies impacting operations relating to the end of the fiscal year, which is typically a busy time of year. Sidney shared that year-end deadlines were being explored for flexibility. Kelly expressed confidence in the team and shared about the benefits of improved communication between accounting and sponsored programs. He added that a consultant has been assisting with audit preparation. He continued by sharing plans for the audit to be performed remotely, anticipating potential challenges, and ensuring that the outcomes this year are improved from the last year. Sherman asked for a plan to complete the audit. Kelly was tasked with identifying the elements needed for a plan. Kittredge added that the auditor needs to collaborate on a plan. Sherman reminded the group that because it was a high-risk audit there would be a greater need for detail.

Larson recognized the progress that is being made, sharing that the financials were presented in a more understandable way and shared her appreciation for the accomplishments of the staff to improve systems and operations, as well as the overall positive impacts of the reorganization.

5. **Next meeting - TBD – to be scheduled for mid-late May**

6. **Adjournment** – Meeting adjourned at 12:23pm.

Respectfully submitted,

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Mary Sidney, Secretary