

FINANCE COMMITTEE MEETING MINUTES

Florida A&M University Foundation Board of Directors
Fall 2019 FAMU Foundation Board Meeting
Friday, November 22, 2019 | 8:30 a.m. – 9:30 a.m.
Hyatt Grand Cypress Hotel * Orlando, FL

Committee Members Present

Dir. Twuanna Munroe Ward^T, *Chair*
Dir. Kenneth Neighbors, *Vice Chair*
Dir. John Crossman
Dir. Clifton Goins, IV
Dir. John Green

Dir. Monica Williams Harris
Dir. Thomas Jones, Jr.
Dir. Richard Schweigert
Dir. Tirrell D. Whittley

Committee Members Not Present

Dir. Hosetta Coleman

Dir. Lenetra King

Guests Present

Dir. Alfreda Blackshear
Dir. William Bryant
Dir. Gregory Clark
Dir. Jemal Gibson
Dir. John Green
Dir. Taylar Hall

Dir. Lisa LaBoo
Mr. Kelvin Lawson, *Chair, FAMU Board of Trustees*
Mr. Ronald Thompkins, *BCA Watson Rice*
Dir. G. Scott Uzzell
Dr. Denise Wallace, *General Counsel, FAMU*

Staff Present

Ms. Kristen Florence
Ms. Kim Hankerson
Ms. Juanita Johnson
Ms. Quiana Lowe

Ms. Gena Palmberg
Mr. Eric Swanigan
Ms. Angie Wiggins

Call to Order and Roll Call

The meeting was called to order at 8:42 a.m. by Vice Chair Kenneth Neighbors. Ms. Kristen Florence called the roll and confirmed that a quorum was present.

Conflict of Interest Disclosure

Vice Chair Neighbors requested that Committee members disclose any conflict of interest with items on the Agenda; none were disclosed.

Approval of Minutes

May 16, 2019, Finance Committee Meeting

Director Richard Schweigert moved to approve the minutes; Director Clifton Goins seconded the motion. The minutes were approved, unanimously.

August 26, 2019, Finance Committee Teleconference

Director Thomas Jones moved to approve the minutes; Director Goins seconded the motion. The minutes were approved, unanimously.

^T = Telephonically

Status of Action Items

The three action items listed below were completed by staff and provided to the Committee for review.

a. Budgetary Comparisons at Year-end for FY 2017-2018 and FY 2018-2019

Dr. Shawnta Friday-Stroud stated that the comparisons were provided as requested and that the FY 2017-2018 and FY 2018-2019 comparisons were relatively close.

b. Quarterly Financial Reports with Four Columns

Dr. Friday-Stroud advised that the quarterly statements were also provided as requested with additional information (four columns). The statements included a Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, and Statement of Functional Expenses.

c. Hit-Rate Analysis

Dr. Friday-Stroud presented the Hit-Rate analysis provided. For FY 2018-2019, there were eight asks of \$100,000 or more, of which the Foundation received seven of the eight asks providing a hit-rate of 87.5 percent. To date, there has been seven asks and six have been received for an 85.7 percent hit rate. Director Goins inquired of the definition of a hit rate. Dr. Friday-Stroud responded that it is a rate percentage of how many asks (\$100,000 or more) and how many are received.

New Business

a. Quarterly Financial Reports Review

- This was an ask of staff. It is now being provided on a quarterly basis so the Board can review the current status.
 - Director Goins inquired about the increase in the software maintenance costs. Dr. Friday-Stroud responded that the office converted to Blackbaud's (the software provider) new NXT version. Blackbaud was no longer going to support the old version; upgrade required.
 - Director Thomas Jones inquired of Mr. Ronald Thompkins, when someone buys a policy and if it is owned by the individual, but the Foundation is the beneficiary, how is that or is that reflected in the legislatives. Mr. Thompkins stated that currently, what is happening with those based on general assessments was to simply disclose those. Director Jones asked, all of them, no matter if it is the Foundation who owns the policy. Mr. Thompkins advised, whoever controls the naming of the beneficiary, controls where it will be placed. Typically, since the person who is paying the premium as well as the owner has the option of changing that at any time, for generally accepted accounting principles, it is not recorded or reflected in the records until it is collected. Director Jones further responded, that would be when somebody dies. Mr. Thompkins responded, yes.

Director Jones' next question was, is it uncommon or does it happen at all when someone actually buys a policy and then contributes and gives it to the Foundation as the owner of the policy, which then takes out the possibility of them changing the beneficiary, does that happen. Dr. Friday-Stroud informed the Committee that last

- week, the office received its first paid in full policy for over \$300,000. FAMU is the owner and beneficiary of that account. She further advised that the Foundation has a few where the donors are making the payments, and FAMU is the owner and beneficiary, but the policies are not yet paid in full. Also, FAMU, if it wanted to, would be able to get the cash value off of it, it would go to FAMU, not to the donor that is paying because FAMU is the owner on the policy. Director Jones implied that the cash value would be on the balance sheet; Mr. Thompkins advised, right. Dr. Friday-Stroud stated that those just started coming in this year and that the Board would begin seeing some of them on the balance sheet after this fiscal year.
- Director Goins provided two additional expense questions.
 - They were regarding the renovations, and staff salaries and benefits. Dr. Friday-Stroud addressed the second question first; providing the Committee with the process used to reimburse the University for the salaries of staff funded thru Foundation Operations. Director Goins advised that the budget line for salaries is \$725,000, but the first quarter actual is \$229,000. In annualizing the first quarter, the run rate would be over \$900,000. He inquired if there were additional salaries provided during the first quarter resulting in the first quarter actual being over one-fourth of the salaries line or should the run rate increase to over \$900,000. Vice Chair Neighbors stated that the projected amount of \$725,000 is still holding for this fiscal year. Dr. Friday-Stroud stated that staff will provide a breakdown of actual salaries amount.
 - Dr. Friday-Stroud addressed Director Goins' question regarding renovations during the first quarter already expended at 75 percent. She stated that the renovations needed last year were postponed until this fiscal year's allocation. The remaining funds will be enough to cover renovations the remainder of this fiscal year.
 - Director Goins inquired about the appx. \$1M that is being moved over to the University, from an investment perspective, how much more would be gained on interest if that was in a separate, interest-bearing account, and sent quarterly. That now goes back to a part of the Board's vision and mission to impact a student with just a few more dollars of scholarship money. Dr. Friday-Stroud commented that staff could review the possibility of the funds sitting in an account earning interest then forwarded quarterly to the University to determine what that would yield. Dr. Friday-Stroud advised that if that becomes the new process, those dollars would likely transfer to the annual fund account. This account offers discretion around dollars that can be provided to students or to units on campus that have a need. Functionally, if able to generate additional dollars that go into the annual fund (discretionary account) that would work better in that it is unrestricted.

b. FY 2018-2019 Financial Statements Discussion (Inclusive of Director L. Crenshaw's Request)

- During the October 30, 2019, Audit Committee Teleconference, there was a request to allow time during the Fall 2019 Finance Committee Meeting for further discussion of the FY 2018-19 audited financial statements. The items for discussion are listed below.
 - A need for more visibility and explanation going forward
 - Provide more specificity around the expenditures

- Revised language for clarity - re-title "Other University Support" and/or break it out further to make it more detailed
- Provide visibility of the trends/broader situation on a regular basis, not just a discussion regarding the Budget.

c. Support for Athletics Scholarships

- Proposed FY 2019-2020 Operating Budget Revisions
 - FAMU Board of Trustees Chair, Mr. Kelvin Lawson, presented a financial request for Athletics for \$300,000 from the FAMU Foundation. The funds will go specifically for scholarship support. Director Jones advised that the \$300,000 ask is on top of what the Foundation is already doing. He requested that Dr. Friday-Stroud and Chair Lawson elaborate on that, so the Board is aware of the level of funding currently being given. Dr. Friday-Stroud advised that what is currently in the Budget for Athletics, is appx. \$298,000 that has been agreed upon in the repayment and \$134,000 for the coach's salary; \$300,000 would be additional.

Director Tirrell D. Whitley highly recommended that members from the Board (he volunteered) serve on a task force if there is an opportunity to assist. He requested the assistance of Director G. Scott Uzzell and stated that he would also like to get Director Keith Clinkscales involved. Chair Lawson stated that once they see the presentation tomorrow during the Fundraising Breakfast, there is clear room for engagement, and he welcomed the Board joining up with the new FAMU Athletic Director and his staff.

Director John Crossman inquired of Chair Lawson regarding the cross-country sport. He advised that if there is a concept that maybe that sport can return and if fundraising assistance is needed, he would be delighted to help. Regarding the two sports programs that were cut, Chair Lawson advised that if the issue can be fixed, the plan is to bring those two sports back and to rehire for those frozen positions. Director Crossman stated that he would like to see a simple presentation at some point on what is the revenue growth plan; the Foundation Board may be able to assist.

Director Crossman recommended to the Foundation Board to consider budgeting yearly to include a discretionary fund so that at the end of the year, funds are already established.

Director Goins inquired about the impact on the spend rate - how does this fit within the framework for administrative costs as a percentage of the endowment. There are guidelines around how much can be spent; what is included in the number bumps that up. He wanted to know if it still is in the parameter of the spend rate. Dr. Friday-Stroud responded, yes, because the Foundation did not draw down everything that was brought in. Director Jones advised that if there are available funds and there is the need for funds for development officers, a different conversation is needed. Afterwards, he requested of Vice Chair Neighbors to put on the table, when an analysis of the Budget takes place to review and discuss the various budgets so the Board is aware of all that is going on with the Budget.

- Dr. Friday-Stroud requested additional funding for Development Support and other expenditures in the total amount of \$193,319. Staff will provide a breakdown of the first quarter actual Budget staff salaries expenditures.

After discussion, the motion below was made.

Motion: I move we approve the additional Budget, \$493,319, for Athletics as well as the development and donor outreach.

Moved by: Director Thomas Jones

Seconded by: Director John Green

The motion passed; one “nay” from Director Clifton Goins.

Action Items

- a. Staff to provide a breakdown of the salary expenses on the Budget.
- b. Staff to follow-up on Director Goins’ request to review the possibility and advise of the interest gained from having a separate, interest-bearing account to send funds quarterly to the University.
- c. Director Jones requested to put on the table an analysis of the Budget, so the Board is aware of all that is going on with the Budget.
- d. Director Whittley’s interest in he and other Board members serving on a task force to assist Athletics.
- e. Director Crossman’s request to review a simple presentation on Athletics’ revenue growth plan; potential Foundation Board assistance.
- f. Director Crossman’s request of the Board to consider budgeting yearly to include a discretionary fund for available funds in preparation for end of year requests.
- g. Staff to follow generally accepted accounting principles for recording life insurance policies.

Adjournment

The meeting was adjourned at 9:36 a.m.

Minutes Prepared by

Mrs. Barbara Jones

Ms. Angie Wiggins