

Treasurer's Report

*Board of Directors Meeting
June 23-24, 2014*

OPTN Items to be Presented

- OPTN Reserve Bylaw
- 2015 OPTN Budget and associated registration fee
- Consolidated audit report for FY 2013
- Interim FY 2014 financial results

OPTN Reserve Bylaw

- In 2000, the OPTN Reserve was established with a one-year reserve fee, generating approximately \$1,400,000.
- In 2013, the OPTN reserves were deemed by the Committee to be insufficient to support an OPTN budget of \$36,000,000 where 90% of funding is from OPTN registrations.

OPTN Reserve Bylaw

- During OPTN contract negotiations with HRSA, it was recognized that an automated mechanism was needed to withdraw funds from OPTN reserves
- OPTN reserve goals and criteria governing the withdraw of funds from the reserves would be established through the adoption of an OPTN Bylaw.

OPTN Reserve Bylaw

- Bylaw Highlights:
 - Board establishes and maintains reserves subject to OPTN contract requirements
 - Reserve goal is three months of average budget expenditures, now about \$11,000,000.
 - Board is provided written notification at least 72 hours prior to any draw from reserves.

OPTN Reserve Bylaw

- Bylaw Highlights:
 - Two conditions must be met to draw funds:
 - Revenue shortfall of 3%
 - Funds in the operating account are less than or equal to one month of average operating expenditures.
 - Draw will be the lesser of $\frac{1}{2}$ of projected shortfall or $\frac{1}{2}$ of the balance in the reserve account.

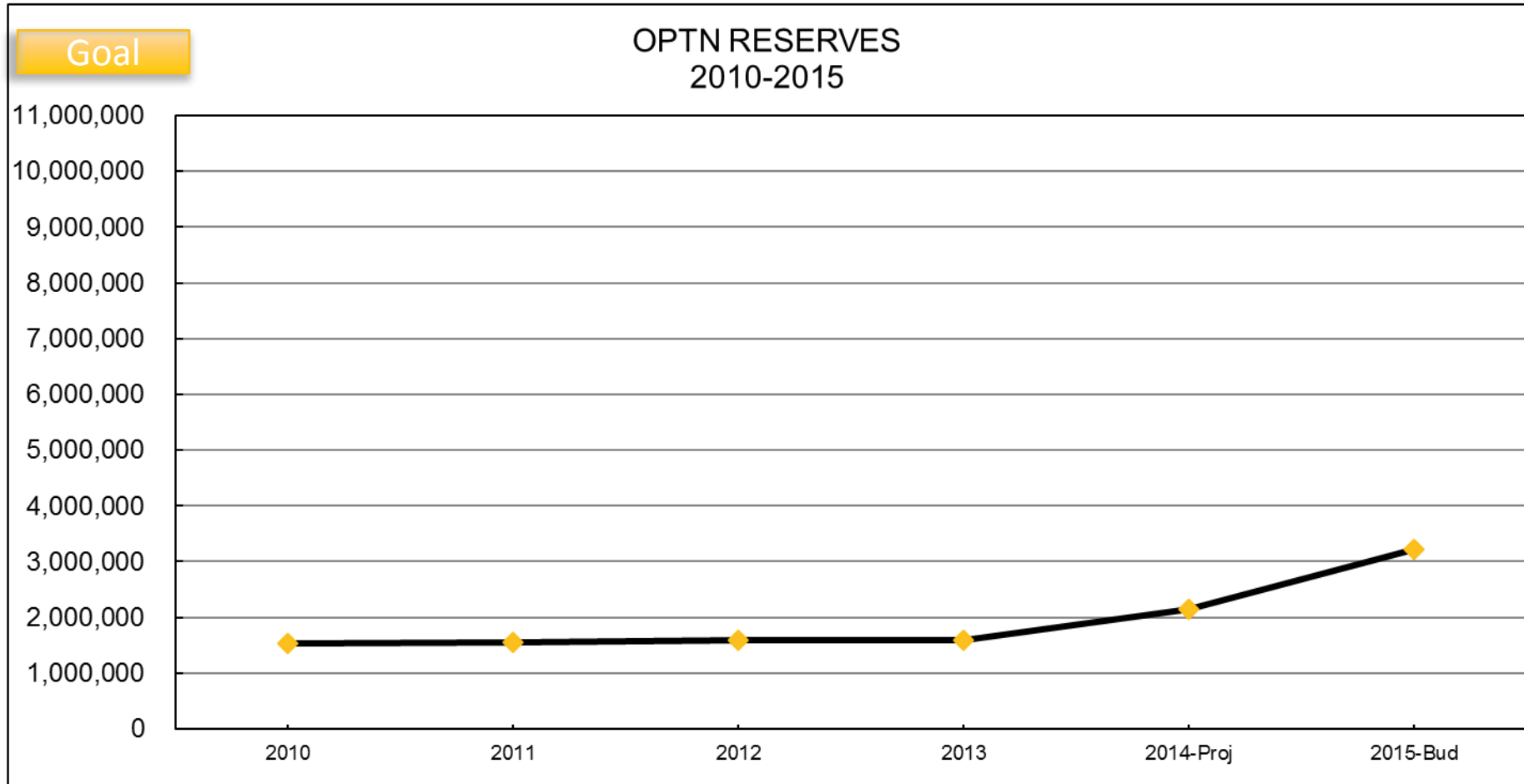
OPTN Reserve Bylaw

- Board of Directors action required:
 - **RESOLVED** that changes to Article VIII (Fiscal Year), as set forth below, are hereby approved, effective notice to OPTN membership.

OPTN FY 2015 Budget

- OPTN revenues:
 - OPTN Fees
 - Declined from \$810 to \$793
 - Operational component declined \$38
 - Expenses were relatively flat
 - Increased number of registrations
 - Increased federal appropriations
 - Reserve component increased \$21 to fund reserves at a more rapid rate

FY 2015 Budget



OPTN FY 2015 Budget

- Registrations
 - Conservative estimate of 54,500. Trends point possibly higher.
 - New kidney policy could delay or reduce listings. Kidneys account for almost 2/3 of registrations.
 - Reserves are insufficient to cover a large 'miss' in number of registrations.
 - Registration projections have a 4% margin for error.

OPTN FY 2015 Budget

- OPTN Expenditures
 - \$41,522,785 funded by OPTN fees and federal appropriations
 - \$398,086 or .9% greater than 2014 Budget
 - Major cost drivers:
 - Increased salary vacancy rate
 - Reduced benefit rate
 - Reduced travel costs

OPTN Budget and Fee

- Board of Directors action required:
 - **RESOLVED** that the **2015 OPTN Budget** is hereby approved.
 - **FURTHER RESOLVED** that the Board of Directors hereby approve a decrease in the OPTN patient registration fee from \$810 to \$793 effective October 1, 2014.

OPTN Budget and Fee

- **FURTHER RESOLVED** that **Policy 3.4.A (Registration Fee)** shall be amended as set forth below effective **October 1, 2014**.
- **3.4.A Registration Fee**

The registration fee of ~~\$810~~ \$793 for the registration of a transplant candidate is authorized by 42 C.F.R. § 121.5(c) and OPTN Bylaws Section 1.2(D):
Registration Fees.

OPTN FY 2013 Financial Statements

- Financial statements are included in report
- Funding was greater than expenditures
 - Registrations 3.75% greater than budget
 - Federal appropriations increased \$708,420
 - Expenses 6.7% below budget
 - Funding excess of \$4,358,000 offset a funding shortfall from FY 2012.

OPTN FY 2013 Audit

- OPTN A-133 compliance audit is a component of the UNOS audit.
- Unqualified or “clean” opinion issued on UNOS financial statements and OPTN operations.
- No material weaknesses in internal controls or non-compliance with federal or contract requirements was detected.
- UNOS is considered a low-risk auditee.

OPTN FY 2013 Audit

- Board of Directors action required:
 - **RESOLVED**, that the **2013 OPTN audited financial statements and the related OMB Circular A-133 compliance audit, as performed by Cherry Baekert CPAs and Advisors, are hereby approved.**

OPTN FY 2014 Interim Results

- Revenue and expenses
 - Revenue (April) 5.3% **above** budget.
 - Expenditures (April) 17.7% **below** budget
 - Budgeted expenditures, primarily in the IT area, will be spent at a later time.
 - Expected fund inflow in FY 2014 (registrations + federal funds – expenditures) is **positive**.