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
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 withdrawal 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 ½ of projected shortfall or ½ 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 RESERVES
2010-2015

Goal

OPTN
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.
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**.