Board of Directors Meeting

Tuesday, April 2, 2013

KCTCS System Office
Versailles, KY 40383

Lee Hess
Chair

Timothy R. Burcham, CFRE
Executive Director
Board of Directors:
Elected Members as of November 4, 2011

OFFICERS

F. Lee Hess (Chair)
Lexington

Rick Music (Secretary)
Nicholasville

Mark A. Bailey (Treasurer)
President and CEO
Big Rivers Electric/Henderson

Kathy Love ( Immediate Past Chair)
Lexington

MEMBERS

Barry S. Bishop
Regional Vice President
Windstream Communications/Lexington

Donna Covington
President and CEO
Third Eye Consulting, LLC/Nicholasville

Greg Higdon
President and CEO
KY Association of Manufacturers/Frankfort

Jim LeMaster
Vice President, Business Development
Van Meter Insurance Group/Lexington

Gregory G. Pauley
President and COO
AEP – Kentucky Power Co./Frankfort

Linda L. Rumpke
President and CEO
Town and Country Bank and Trust Co./Bardstown

Wes Sights
President
Sitex/Henderson

Dr. C. Nelson Grote (Emeritus)
President Emeritus, Morehead State University

KCTCS College President Appointee

Dr. Thelma White
President and CEO
Elizabethtown Community & Technical College
Elizabethtown

Ex-officio Members

Mr. P.G. Peeples, Sr.
President
Urban League of Lexington
Chair, KCTCS Board of Regents

Dr. Michael B. McCall
KCTCS President
Versailles

Timothy R. Burcham, CFRE
Executive Director
KCTCS Vice President
Versailles

The KCTCS Foundation, Inc. was established on August 9, 1999 as the not-for-profit, 501(c)(3) fund-raising arm of the Kentucky Community and Technical College System (KCTCS). Under the leadership of an independent Board of Directors, the mission of the KCTCS Foundation, Inc. is to be a catalyst and leader of resource development initiatives that support the strategic plan of KCTCS and that meet the needs of its stakeholders.
Tuesday, April 2, 2013
2:00 pm
KCTCS System Office
Versailles, KY 40383

A G E N D A

A. Call to Order         Lee Hess

B. Welcome & Introductions

C. Approval of Minutes         Rick Music

D. KCTCS Board of Regents Report                      P.G. Peeples

E. KCTCS President’s Report     Dr. Michael B. McCall

F. Finance & Audit Committee Report     Mark Bailey
   1. Action: Approval of FY 2013 Financial Reports
   2. Update: Webb Annuity and Commonfund
   3. Information Item: Audit Firm Engagement

G. Information and Updates     Tim Burcham
   1. Resource Development Plan (Mini-Feasibility Study)
   2. Resource Development Report
   3. 2013 President’s Leadership Team Retreat Sponsorships
   4. 2013 President’s Gala/Awards Dinner Sponsorships

H. Adjournment         Lee Hess

Next Meeting:
August 27, 2013
Annual Meeting and Retreat
Location: TBD
Agenda Item C

Approval of Minutes – 12/3/12 Meeting

April 2, 2013

Rick Music, Secretary, will present the minutes of the December 3, 2012 meeting for approval by the Board.
The KCTCS Foundation Inc. Board of Directors held its meeting on Monday, December 3, 2012 at the Griffin Gate Marriott in Lexington. Members Present included: Dr. Michael McCall, Lee Hess, Greg Higdon, Dr. Thelma White, Wes Sights, Linda Rumpke, Mark Bailey, Tim Burcham, Greg Pauley, Barry Bishop, Jim LeMaster, Kathy Love and Rick Music.

Guests included Kay Yates, Marsha Moore, and auditors Chrissy Fiscus and Hunter Stout from Dean, Dorton, Allen and Ford.

**WELCOME AND INTRODUCTIONS**

Lee Hess called the meeting to order at 12:27 and welcomed everyone in attendance. Introductions were made and then Mr. Hess turned the floor over to Rick Music.

**APPROVAL OF MINUTES – May 24, 2012**

The minutes were presented by Rick Music and the motion was made for approval. Jim Lemaster made the motion to accept and Linda Rumpke made the second. The minutes were approved and passed unanimously.

**KCTCS PRESIDENT’S REPORT**

President McCall presented the PowerPoint “Defining Premier” and showed two Transformation TV clips. Dr. McCall gave an overview of the “Listening Tour” at the colleges he has visited thus far.

President McCall recalled the excitement of the high school students that will be graduating their high school with college credits, and some graduating with an earned certificate or associates degree and heading to their university as an incoming junior.

**FINANCE AND AUDIT COMMITTEE REPORT**

Mark Bailey presented the findings from the finance/audit committee meeting held on November 19, 2012. At that meeting the Committee approved the findings of the auditors from Dean, Dorton, Allen and Ford. It was reported that the Foundation was given a clean and unqualified opinion. Mr. Bailey introduced the audit representatives and opened the floor to any board member who wished to ask the auditors any questions or if they wished to meet with them privately. When no questions were presented the auditors were excused from the meeting.

The Foundation’s Projected Annual Budget was reviewed by Tim Burcham. The Gala expense authorization and the approval of KCTCS transfer of funds for AMTEC were clarified by Mr. Burcham. Mr. Burcham gave a brief history of Foundation Ventures, Inc. and the request to dissolve. The Finance and Audit Committee presented Action Items 2 through 6 for approval. Mr. Hess made the motion and a second was given by Greg Higdon and the approval carried unanimously for the action items as follows:

1. Acceptance of FY 2012 Audit and Related Documents – Approved
2. Approval of Transfer of Funds to KCTCS for AMTEC – Approved
3. Authorization of Gala Expenses over $10,000 – Approved
P.G. Peeples, Chair of the KCTCS Board of Regents, will provide an update on the meeting held March 15, 2013 at the System Office in Versailles.
Executive Summary
Kentucky Community and Technical College System (KCTCS)
Board of Regents Meeting – March 15, 2013
KCTCS – System Office
Versailles, Kentucky

Meeting highlights:

- **Received a presentation from Dr. Brenda Dann-Messier, Assistant Secretary for the Office of Vocational and Adult Education, U.S. Department of Education**
  Dr. Dann-Messier’s presentation was entitled “The Future of Career and Technical Education in America.” She discussed the role KCTCS is playing in preparing students for today’s workforce with the Board of Regents, Kentucky Education Cabinet Secretary Joe Meyer, and other representatives from the Kentucky Education Cabinet as well as the Council on Postsecondary Education who were invited to attend the special presentation.

- **Approved the Naming of the Bryant Stiles Training Facility at the Wendell H. Ford Regional Training Center for State Fire Rescue Training, Greenville, KY.**
  The KCTCS Board of Regents approved the naming of the Bryant Stiles Training Facility at the Wendell H. Ford Regional Training Center for State Fire Rescue Training, Greenville, Kentucky, as requested by the Kentucky Fire Commission. Mr. Stiles, who passed away on September 19, 2012, after a sudden illness, was admired, respected, and honored throughout the Commonwealth of Kentucky and across the nation for his achievements in the advancement of fire science education and training and for his illustrious career that spanned more than 38 years.

- **Approved revised and renewal of mission statements for two colleges.**
  The KCTCS Board of Regents approved a revised mission statement for Ashland Community and Technical College and a renewed mission statement for Southeast Kentucky Community and Technical College. Both colleges engaged in an inclusive review process, obtaining feedback from faculty, staff and the college’s leadership, including the colleges’ boards of directors. It is the policy of KCTCS that college mission statements be reviewed annually and that the mission statements be submitted to the KCTCS Board of Regents for approval at least once every three years.

- **Approved five new academic programs.**
  The new programs approved by the KCTCS Board of Regents respond to local needs surveys in respective college communities. The programs include the following:
  - **Associate in Applied Science (AAS) in Clinical Laboratory Technician** and the **certificate Phlebotomist** for Maysville Community and Technical College to be implemented in fall 2013.
Dr. Michael B. McCall, KCTCS President, will review highlights from his recent report to the KCTCS Board of Regents at the last meeting, held March 15, 2013 at the System Office in Versailles.
The following information provides updates on President McCall’s annual leadership initiative, 2012-13 Engagement

**GOAL** - The KCTCS President will actively engage the KCTCS faculty and staff in re-imagining the future of KCTCS as the nation’s premier community and technical college system.

The implementation of these engagement activities will support the ongoing KCTCS Transformation and the achievement of the goals, performance measures, and targets outlined in the *KCTCS Strategic Plan 2010-16* and the three KCTCS mission areas of:

- Workforce Education
- Transfer Education
- College and Workforce Readiness

**Target Measurement** - The *Engagement Initiative* will include the following component

President McCall will:

- Visit each KCTCS college to engage faculty and staff in a dialogue about their aspirations and perceptions of KCTCS as the “premier” system in the nation.

- Involve KCTCS faculty and staff in defining KCTCS as the nation’s premier community and technical college system based on the following guiding principles that were developed by the KCTCS President’s Leadership Team in May 2012:

  - Student Success
  - Shared Vision
  - Innovation
  - Continuous Improvement

- Report a summary of the input received from the interactions and dialogue with faculty and staff to every KCTCS employee to serve as a guide for moving forward with KCTCS Transformation and beyond.
Mr. Mark Bailey, will present the following items to the Board for their information/approval:

1. **Action:** Approval of FY 2013 Financial Reports
2. **Update:** Webb Annuity and Commonfund
3. **Information Item:** Audit Firm Engagement
## KY Community and Technical College System Foundation, Inc
### BALANCE SHEET FY2013

#### 3/14/13  

**Accrual**

<table>
<thead>
<tr>
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<tr>
<td><strong>Current assets:</strong></td>
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<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,404,523.32</td>
<td>$1,251,584.80</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>6,000.00</td>
<td>16,500.00</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>730.24</td>
<td>3,583.73</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>$1,411,253.56</td>
<td>$1,271,668.53</td>
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<tr>
<td>Contributions receivable, net of current portion</td>
<td>$8,653.85</td>
<td>$8,653.85</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>$1,082,821.21</td>
<td>$978,387.39</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>3,251.00</td>
<td>3,614.00</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$2,505,979.62</td>
<td>$2,262,323.77</td>
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**Liabilities and Net Assets**

<table>
<thead>
<tr>
<th>Current liabilities</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Annuities payable</td>
<td>6,640.00</td>
<td>6,640.00</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$6,640.00</td>
<td>$6,640.00</td>
</tr>
<tr>
<td>Annuities payable, net of current portion</td>
<td>44,766.00</td>
<td>45,567.00</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>$51,406.00</td>
<td>$52,207.00</td>
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</tbody>
</table>

**Net assets:**

- **Unrestricted**: 197,552.71, 191,974.65
- **Temporarily restricted**: 1,233,775.92, 1,242,151.79
- **Permanently restricted**: 778,788.14, 773,638.14
- **Retained Earnings**: 0.00, 0.00

**Total net assets**: 2,454,573.62, 2,210,116.77

**Total liabilities and net assets**: $2,505,979.62, $2,262,323.77

See Accountant's Compilation Report
## KY Community and Technical College System Foundation, Inc
STATEMENT OF CASH FLOWS FY2013

### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Change in net assets</th>
<th>$ 244,456.85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
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</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>(109,161.00)</td>
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<tr>
<td>Depreciation expense</td>
<td>363.00</td>
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<tr>
<td>Bad debt expense</td>
<td>0.00</td>
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<tr>
<td>Change in value of annuities payable</td>
<td>2,519.10</td>
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<tr>
<td>Increase (decrease) in cash due to change in:</td>
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</tr>
<tr>
<td>Contributions Receivable</td>
<td>10,500.00</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>2,853.49</td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>151,531.44</td>
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</tbody>
</table>

### Cash flows from investing activities:

| Purchase of property and equipment | 0.00 |
| Net proceeds from sales of investments | 4,727.18 |
| Net cash provided by investing activities | 4,727.18 |

### Cash flows from financing activities:

| Payments on annuities | (3,320.10) |
| Net cash provided by financing activities | (3,320.10) |
| Net increase(decrease) in cash | 152,938.52 |

| Cash at beginning of period | 1,251,584.80 |
| Cash at end of period | 1,404,523.32 |
## STATEMENT OF INCOME FY2013

- **UNRESTRICTED**
- **TEMPORARILY RESTRICTED**
- **PERMANENTLY RESTRICTED**

### Revenues, gains and other support

#### Contribution revenue:
- **Contribs (other than in-kind)**: $8,508.00
- **President's Gala Income**: $89,490.60
- **Contributions (in-kind)**: $89,710.40

### Investment income:
- **Interest and dividends**: $2,478.37
- **Realized and unrealized gains**: $41,227.89

### Released from restrictions
- **Total released from restrictions**: $72,423.52

### Total revenues, gains and other support
- **Total**: $303,838.78

### Expenses

#### Program expenses:
- **Scholarships**: $65,521.00
- **President's Gala**: $133,079.59
- **Other**: $6,304.09

### Total expenses
- **General & administrative**: $122,495.84

### Change in net assets
- **Net assets, beginning of period**: $1,233,775.92
- **Net assets, end of period**: $1,501,794.51

### Net assets, end of period
- **Total**: $2,454,573.62

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See Accountant's Compilation Report
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<td>02/01/13</td>
<td>$674,819.56</td>
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<td>$0.00</td>
<td>$5,290.35</td>
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<td>02/28/13</td>
<td>$674,819.56</td>
<td>$82.75</td>
<td>$0.00</td>
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<td>$680,027.16</td>
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For Date Range 02/13 - 02/28/13

For All Accounts

Marketable Investments Account Summary

TOTAL ENDOWMENT FUND

KCTCS, Kentucky Comm. & Tech. College Sys. Fdn.
<table>
<thead>
<tr>
<th>Account</th>
<th>Account Title</th>
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Statements Included in This Mailing

Officer or Portfolio Manager Listed on the Next Page.

Fifth Third Institutional Services is working tirelessly to meet your financial needs. If we may be of assistance in any way, please contact your Relationship Manager. Trust

News and Information

VERSAULTES, KY 40383-1245
300 N MAIN ST.
TIMOTHY A. BURCHAM, EXECUTIVE DIR.
KCTCS FOUNDATION, INC.

1207

It is important for you to review the data reported in this statement and contact your Relationship Manager if you have any questions or concerns.

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CINCINNATI, OHIO 45263
MD 1H620Z
5050 KINGSLEY DRIVE
FIFTH THIRD BANK

0228
INFORMATION AND UPDATES

Agenda Items G: 1-4

April 2, 2013

Tim Burcham, Executive Director, will provide updates on the following to the Board:

1. Resource Development Plan (Mini-Feasibility Study)
2. Resource Development Report
3. 2013 President’s Leadership Team Retreat Sponsorships
4. 2013 President’s Gala/Awards Dinner Sponsorships
KCTCS Foundation Mini Feasibility Study

INTRODUCTION AND METHOD OF STUDY

The purpose of the feasibility study is to provide the KCTCS Foundation with the resource information, preliminary cultivation of prospects, and recommendations necessary to prepare and carry out a plan a three-year statewide private sector support for a major scholarship initiative. Information was obtained concerning the four essential requirements for success: (1) program appeal, (2) availability of financial support, (3) leadership, and (4) organization.

The feasibility study was conducted with the foundation board of directors at the annual KCTCS Foundation, Inc. Retreat held in December, 2012.

Composition of Interview Group

KCTCS Foundation Board of Directors 9

Summary of Questions Asked

1. What strengths and/or opportunities does the KCTCS Foundation have in mounting a multi-faceted scholarship initiative as its major focus between now and 2016?
2. What weaknesses and/or threats does the KCTCS Foundation have in mounting a multi-faceted scholarship initiative as its major focus between now and 2016?
3. Do you think that the goal of $3.9 million over the next three fiscal years is achievable and why?
4. If you think a $3.9 million goal is unachievable, what goal do you think is more attainable?
5. What one factor will make the KCTCS Foundation’s scholarship initiative a success?
CONFIRMED MEETING DATES
2012-2013

Tuesday, April 2, 2013
2:00 p.m.

Annual Meeting & Retreat
Tuesday, August 27, 2013
Location TBD

Tuesday, December 10, 2013
2:00 p.m.