

**OPTN/UNOS Finance Committee
Report to the Board of Directors
June 28-29, 2011
Richmond, VA**

Summary

I. Action Items For Board Consideration

- The Board is asked to approve the OPTN 2012 Budget and associated registration fee. (Item 1, Page 3).
- The Board is asked to approve a resolution directing the OPTN to work with HRSA and CMS to address the overlap of oversight functions and compliance efforts in order to reduce the financial and operational burden on transplant centers. (Item 2, Page 4)
- The Board is asked to approve the 2010 OPTN audited financial statements for the year ended September 30, 2010. (Item 3, Page 4).

II. Other Significant Items

- Review of OPTN Accounts Receivable Balances (Item 4, Page 5).
- Review of OPTN investments (Item 4, Page 5).

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**Treasurer's Report to the
OPTN/UNOS Board of Directors
June 28-29, 2011
Richmond, Virginia**

Arthur L. Thomson MA, Treasurer

The Finance Committee met on May 12, 2011, in Chicago, IL, and via conference call on May 23, 2011, and April 14, 2011, and discussed the following:

1). 2012 OPTN Budget

On May 12, 2011, the Committee met to review, the proposed 2012 OPTN Budget and associated registration fee. The Committee did not approve a budget at this time, and asked for UNOS staff to submit a revised budget for future consideration.

A revised budget and associated registration fee was presented, discussed, and approved during the May 23, 2011 conference call.

Highlights of the 2012 Budget:

The OPTN contract operates on a fiscal year basis based upon the Federal government's fiscal year. The 2012 OPTN Budget includes revenues and expenditures from October 1, 2011, through September 30, 2012. UNOS performs the OPTN functions as a contractor for HRSA and holds funds for the OPTN in accounts separate from UNOS' funds.

The current OPTN contract, which began September 30, 2005, has a base period of two years, with five one-year options. The 2012 Budget covers work performed in Option Year 5. The contract includes multiple Tasks within the Statement of Work. Within each option year, Task #11 (Increase Organ Donation and Improve Organ Transplantation Outcomes) is an option that HRSA must either exercise or decline. Continuation of the performance of Task #11 is included in the 2012 OPTN Budget and the 2012 OPTN Fee Calculation.

The 2012 OPTN budget is expected to be funded by a modest increase in both the number of registrations and the amount of the registration fee. Four new positions were added for this budget year and three were eliminated. The Budget incorporates funding and costs associated with the Deceased Donor Potential Study that was added via contract modification in September 2010. For presentation purposes, the first year budget of the Deceased Donor Potential Study was added to the FY 2011 Budget.

OPTN expenditures of \$36,372,099 are expected to be funded by \$32,987,202 in OPTN registration fees and \$3,384,897 in appropriated federal funds.

Federally appropriated funding accounts for 9.31% of expenditures, the remaining 90.69% of funding is covered by OPTN registration fees.

The Budget includes estimated Indirect Cost and Benefit rates of 15% and 45.8% respectively.

OPTN contract expenditures for the seven year contract period (two base years + five option years) are expected to be less than the contract limit.

For a full explanation of the 2012 OPTN Budget, please refer to **Exhibit A**.

The Finance Committee unanimously recommended approval of the proposed 2012 OPTN Budget and associated \$603 OPTN registration fee. Therefore, the following resolutions are recommended for consideration by the Board of Directors:

RESOLVED, that the 2012 OPTN Operating Budget is hereby approved, and

FURTHER RESOLVED, that the Board of Directors hereby approves the increase in the OPTN patient registration fee from \$585 to \$603, effective October 1, 2011.

FURTHER RESOLVED, that Policy 11.0 (Registration Fee) shall be amended as set forth below effective October 1, 2011.

11.0 REGISTRATION FEE

The OPTN Patient Registration Fee, as provided in Article I, Section 1.13 of the Bylaws for the listing of candidates as required by Policy 3.2.1 for listing a potential recipient in UNetsm, shall be ~~\$585~~ \$603.

2). Financial and Operational Burden on Transplant Centers

At the May 12, 2011 meeting, Committee members expressed concern about the financial and operational impact of HRSA, CMS and UNOS compliance activities on transplant centers. From the transplant center perspective, the compliance (or audit) activities of CMS and UNOS are very similar, as the same charts and staff are needed for separate audits. The Committee would like for HRSA and CMS to work closer together to streamline audit efforts.

The Committee unanimously recommended approval of the proposed resolution. The following resolution is recommended for consideration by the Board of Directors:

**** RESOLVED, that the OPTN work with HRSA and CMS to address the overlap of oversight functions and compliance activities in order to reduce the financial and operational burden on transplant centers.**

3). OPTN Operations for the Year Ended September 30, 2010

In a conference call held on April 14, 2011, the Committee discussed the 2010 OMB Circular A-133 audit as performed by Keiter Stephens, Hurst, Gary and Shreaves. The OMB Circular A-133 audit is required of a non-profit entity that receives \$300,000 or more in federal funds per year. Keiter Stephens issued an unqualified or "clean" opinion on UNOS financial statements and OPTN operations. No findings, material weaknesses in internal controls, or non-compliance with federal or contract requirements were reported.

Highlights of 2010 Operating Results:

- The \$29,702,002 OPTN budget expected OPTN registration revenue of \$27,709,002 and \$2,000,000 in federal funding.
- Due to an OPTN contract modification in the middle of the fiscal year, OPTN federal funding was increased by \$500,000, causing the OPTN Budget to increase to \$30,229,002.
- OPTN expenditures for the year were \$29,908,894. Of the \$29,908,894 in expenditures, \$2,500,000 was covered by federal funding and \$27,408,894 was covered by OPTN registration revenue.
- OPTN registrations generated funding of \$29,501,505, based on 52,965 registrations and a fee of \$557. Due to higher than expected registrations, \$2,092,611 in excess funding was generated for the OPTN.
- The OPTN contract cost sharing percentage (percentage of funds contributed by HRSA) increased from 6.42% in FY 2009 to 8.35% in FY 2010. The cost sharing percentage increased due to addition of \$500,000 in federal funds via a contract amendment.
- In addition to the funding increase, the cost sharing percentage changed from a fixed percentage to a floating percentage. By allowing the cost sharing percentage to float, the OPTN contractor is able to claim all federal funds in a fiscal year.

For a full explanation of OPTN operations ended September 30, 2010, see **Exhibit B**. The 2010 OMB Circular A-133 audit, as performed by Keiter Stephens, Hurst, Gary and Shreaves is a component of UNOS 2010 audit and is attached as **Exhibit C**.

The Finance Committee unanimously recommended approval of the 2010 OPTN audited financial statements. The following resolution is recommended for consideration by the Board of Directors:

**** RESOLVED, that the 2010 OPTN audited financial statements and the related OMB Circular A-133 compliance audit, as performed by Keiter Stephens, Hurst, Gary and Shreaves, are hereby approved.**

4). Other Issues

During the April conference call, the Committee was provided an analysis of OPTN accounts receivable balances. It was reported the balance of \$480,419 at January 31, 2011 (greater than 120 days old and \$10,000) was less than the \$676,127 balance a year ago. Greater effort has been made to collect outstanding balances.

During the April conference call, the Committee reviewed OPTN investments. The majority of OPTN investments are held in FDIC insured bank certificate of deposits. The OPTN investments were deemed to be in compliance with the OPTN Investment Policy. The current average interest rate of the investments is 2.68%.

**Attendance at the Finance Committee Meeting
May 23, 2011
Conference Call**

Committee Members Attending:

Arthur L. Thomson	Chair
Dara Washburn	Region 1
Debbie Mast	Region 5
Jarold Anderson	Region 7
G. Kent Holloway	Region 10
Betty Crandall	Region 11
James Allan, MD	At Large
Peter Farstad	At Large
Christopher McLaughlin	Ex. Officio
Robert Walsh	Ex Officio
Mesmin Germain	Ex. Officio

Committee Members Unable to Attend:

Mark Rappaport	Region 2
Youmin Wu, MD	Region 3
Stephan Moore	Region 4
Michael Seeley	Region 6
Samuel Harry	Region 8
David Bekofsky	Region 9
Daniel Barker	At Large

Staff Attending:

Douglas Harvey, Asst. Executive Dir.	UNOS
Matt Lovetro, Asst. Director Finance	UNOS
Brian Shepard, Director Policy	UNOS
Janet Smith, Asst. Executive Director	UNOS

Other Attendees:

George Smith	HRSA
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**Attendance at the Finance Committee Meeting
May 12, 2011
Chicago, IL**

Committee Members Attending:

Arthur L. Thomson	Chair	
Dara Washburn	Region 1	
Stephan Moore	Region 4	via LiveMeeting
Debbie Mast	Region 5	
Michael Seeley	Region 6	
Jarold Anderson	Region 7	
Samuel Harry	Region 8	
David Bekofsky	Region 9	
G. Kent Holloway	Region 10	
Betty Crandall	Region 11	via Live Meeting
James Allan, MD	At Large	
Peter Farstad	At Large	
Christopher McLaughlin	Ex. Officio	via Live Meeting
Robert Walsh	Ex Officio	via Live Meeting
Mesmin Germain	Ex. Officio	via Live Meeting

Committee Members Unable to Attend:

Mark Rappaport	Region 2
Youmin Wu, MD	Region 3
Daniel Barker	At Large

Staff Attending:

Douglas Harvey, Asst. Executive Dir.	UNOS
Matt Lovetro, Asst. Director Finance	UNOS

Other Attendees:

Rich Durbin	HRSA	via Live Meeting
George Smith	HRSA	via Live Meeting

**Attendance at the Finance Committee Meeting
April 14, 2011
Conference Call**

Committee Members Attending:

Arthur L. Thomson	Chair
Dara Washburn	Region 1
Mark Rappaport	Region 2
Stephan Moore	Region 4
Debbie Mast	Region 5
Jarold Anderson	Region 7
Samuel Harry	Region 8
David Bekofsky	Region 9
G. Kent Holloway	Region 10
Betty Crandall	Region 11
James Allan	At Large
Daniel Barker	At Large
Peter Farstad	At Large
Mesmin Germain	Ex. Officio

Committee Members Unable to Attend:

Youmin Wu, MD	Region 3
Michael Seely	Region 6
Chris McLaughlin	Ex Officio
Robert Walsh	Ex Officio

Staff Attending:

Douglas Harvey, Asst. Exec. Director	UNOS
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Guests Attending:

Matt McDonald, CPA	Keiter, Stephens, Hurst, Gary and Shreaves
Richard Lewis	Keiter, Stephens, Hurst, Gary and Shreaves