

**OPTN/UNOS Finance Committee  
Report to the Board of Directors  
June 22-23, 2009  
Richmond, VA**

**Summary**

**I. Action Items for Board Consideration**

- The Board is asked to approve the OPTN 2010 Budget and Registration Fee. (Item 1, Page 3)
- The Board is asked to approve the 2008 Audited Financial Statements for OPTN operations for the year ended September 30, 2008. (Item 2, Page 4)

**II. Other Significant Items**

- Review of OPTN Accounts Receivable Balances. (Item 3, Page 5)
- Review of OPTN investments. (Item 3, Page 5)

**OPTN/UNOS Finance Committee  
Report to the Board of Directors  
June 22-23, 2009  
Richmond, Virginia**

**Lloyd H. Jordan Jr., CPA, Chairman**

The Finance Committee met on May 14, 2009, in Chicago, IL and via conference call on April 16, 2009, and discussed the following:

1). 2010 OPTN Budget

On May 14, 2009, the Committee met to review, discuss, and approve the 2010 OPTN Budget. The OPTN contract operates on a fiscal year basis. The Budget includes anticipated revenues and expenditures from October 1, 2009, to September 30, 2010. The OPTN contract has a base period of two years, with five one-year options. The Budget is considered Option Year 3. Within each option year, Task #11 (Increase Organ Donation and Improve Organ Transplantation Outcomes) is an option that HRSA must either exercise or decline. For presentation purposes, Task #11 is included in the Budget.

The 2010 OPTN budget was developed in the construct of limited OPTN registrations. During 2009, registrations have been 7% lower than expected. Therefore, in order to match OPTN expenses with expected registrations, staff positions that were approved in the 2009 Budget were eliminated, salary increases were cancelled for a year beginning March 1, 2009, executive compensation was reduced, a limited hiring freeze was instituted, and other cost savings activities were implemented. By continuing the reduction of costs from 2009 Budget levels into 2010, the resulting proposed 2010 OPTN Budget is \$1,416,000 less than the 2009 OPTN Budget.

OPTN expenditures of \$29,729,000 are expected to be funded by \$27,729,000 in OPTN registration fees and \$2,000,000 in appropriated federal funds. OPTN registration revenue is based on registrations of 49,783 and a fee of \$557. The proposed \$557 fee is a \$10 or 1.8% increase over the 2009 fee. OPTN registrations should fund 93.3% of OPTN expenditures in 2010, compared to 93.6% in 2009.

For a full explanation of the 2010 OPTN Budget, please see Exhibit A.

The Finance Committee unanimously recommended approval of the proposed 2010 OPTN Budget and associated \$557 OPTN registration fee. Therefore, the following resolutions are recommended for consideration by the Board of Directors:

**\*\*RESOLVED, that the 2010 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 \$547 to \$557, effective October 1, 2009.**

**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 UNet<sup>sm</sup>, shall be \$547-\$557.

During the Committee meeting, HRSA staff commented that additional federal funds may be available to fund the 2010 Budget. At a meeting on May 15, 2009 in Rockville, Maryland, HRSA staff communicated to UNOS management that federal funding for 2010 should increase from \$2,000,000 to \$2,500,000, if HRSA's 2010 Budget is fully funded. Increased federal funding would allow increased OPTN expenditures beyond that approved in the 2010 OPTN Budget. The increase in federal funding is not expected to impact the proposed OPTN fee of \$557.

## 2). OPTN Operations for the Year Ended September 30, 2008

In a conference call held on April 16, 2009, the Committee discussed the 2008 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 2008 Operating Results:**

- OPTN expenditures were \$28,629,483, compared to a budget of \$28,900,126.
- Included in OPTN expenditures were three non-routine items: \$500,000 in OPTN system development costs that were approved in FY2006; \$326,000 in indirect costs from the usage of a provisional indirect cost rate agreement; and the recovery of \$126,000 in peer review costs incurred in FY2007.
- Registrations of 50,353 for 2008 were 2,698 or 5.1% fewer than in the 2008 Budget and 239 or .5% greater than in 2007.
- Registrations generated \$25,277,000 in revenues based on a fee of \$502.
- The OPTN used \$26,648,323 in registration funding and \$1,981,160 of the \$2,000,000 in available federal funding.
- OPTN resources declined \$1,371,000 as registrations did not achieve expected levels, while expenditures were close to the budget.

For a full explanation of OPTN operations ended September 30, 2008, see Exhibit B. The 2008 OMB Circular A-133 audit, as performed by Keiter Stephens, Hurst, Gary and Shreaves is a component of UNOS 2008 audit and is attached as Exhibit C.

The Finance Committee unanimously recommended approval of the 2008 audited financial statements. The following resolution is recommended for consideration by the Board of Directors:

**\*\*RESOLVED, that the 2008 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.**

### 3). Other Issues

As requested during the April conference call, UNOS staff provided analysis of OPTN members who have large outstanding OPTN fee balances. Douglas E. Harvey, CPA, UNOS Director of Finance, reported the balance of \$834,000 at September 30, 2008 (greater than 120 days old and \$10,000) has been reduced to \$551,241 at February 28, 2009. This balance has been further reduced in March and April. Committee members asked that copies of collection correspondence be directed to Transplant Administrators, as they are well suited to help resolve financial issues at transplant centers.

As a follow-up to the April conference call, Mr. Harvey clarified the status of OPTN investments. At the April meeting, HRSA staff asked if OPTN investments can be transferred without redemption. Mr. Harvey confirmed OPTN investments are considered marketable securities, and ownership interest can be transferred without redemption. Mr. Harvey reported that bank certificate of deposits will be the primary choice for investing OPTN funds as corporate notes have price volatility and can lose investment rating status.

**Attendance at the Finance Committee Meeting  
May 14, 2009  
Chicago, IL**

Committee Members Attending:

Lloyd H. Jordan Jr.	Chair
Dara Washburn	Region 1
Andrea L. Tietjen	Region 2
J.T. Rhodes	Region 3
Shelly Colon	Region 4
Laura J. Aguiar	Region 5
Michael Seeley	Region 6
Tammy Kispert	Region 7
Anthony Flores	Region 8
Melia C. Hollar	Region 9
Laura M. Murdock	Region 10
Pamela L. Joyner	Region 11 (via phone)
Daniel Barker	At Large
Jarold A. Anderson	At Large
Mesmin Germain	Ex. Officio
Christopher J. McLaughlin	Ex. Officio

Committee Members Unable to Attend:

Cataldo Doria, MD, PhD	At Large
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Staff Attending:

Walter K. Graham, Executive Director	UNOS
Pat Daily, Asst. Exec. Director	UNOS (by phone)
Mary D. Ellison, Asst. Exec. Director	UNOS
Janet Smith, Asst. Exec. Director	UNOS
Douglas E. Harvey, Director of Finance	UNOS
Doug Heiney, Director of Admin.	UNOS (by phone)
Matt Lovetro, Asst. Director Finance	UNOS

Guest Attending:

Art Thomson	Incoming OPTN/UNOS Treasurer
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**Attendance at the Finance Committee Meeting  
April 16, 2009  
Conference Call**

Committee Members Attending:

Lloyd H. Jordan Jr.	Chair
Dara Washburn	Region 1
Andrea L. Tietjen	Region 2
J.T. Rhodes	Region 3
Shelly Colon	Region 4
Laura J. Aguiar	Region 5
Tammy Kispert	Region 7
Anthony Flores	Region 8
Melia C. Hollar	Region 9
Laura M. Murdock	Region 10
Pamela L. Joyner	Region 11
Daniel Barker	At Large
Jarold A. Anderson	At Large
Mesmin Germain	Ex. Officio

Committee Members Unable to Attend:

Michael Seeley	Region 6
Cataldo Doria, MD, PhD	At Large
Christopher J. McLaughlin	Ex. Officio

Staff Attending:

Pat Daily, Asst. Exec. Director	UNOS
Janet Smith, Asst. Exec. Director	UNOS
Douglas E. Harvey, Director of Finance	UNOS
Doug Heiney, Director of Admin.	UNOS
Matt Lovetro, Asst. Director Finance	UNOS

Guests Attending:

Art Thomson	Incoming OPTN/UNOS Treasurer
John Kent, CPA	Keiter, Stephens, Hurst, Gary and Shreaves
David Ralston, CPA	Keiter, Stephens, Hurst, Gary and Shreaves