

STRIVE
FINANCE COMMITTEE MEETING – May 28, 2015

PRESENT FROM BOARD:

Mike Nordine, Steve Ammentorp, Scott Coleman, Marna Lake, Jeff Parker, Cathy Staten, Joe Warner

PRESENT FROM STRIVE:

Sharon Jacksi, Chris Bergquist, Linda Briggs, Mickey Burns

ITEM	OVERVIEW OF MEETING
1	Minutes of Previous Meeting
2	Budget Discussion
3	Retirement Plan Update

1. **Minutes of Previous Meeting** – It was moved & seconded that the minutes of the previous meeting from March 12, 2015, be accepted.
2. **Budget Discussion** – Chris presented the FY2016 capital needs budget.

IT Capital: The SAN (computer storage & backup) would last 2-3 years at an estimated cost of \$40K.

Maintenance Capital: This is a rough estimate for the HVAC at 950 at a total of \$346K. When we are ready to replace it, we will request competitive bids. There is not a dire need for 1260 or 385 HVACs, so we could potentially wait. We have received a full CDBG grant for the HVAC at 2859. The Fruitvale courtyard shade area is projected to be around \$10K. There is a large donation to cover the stage area at Botanical Gardens. Botanical Gardens has requested \$10K for a berm garden. Parenting Place has requested \$10K for a playground and a lawn remodel. A new Health Department regulation requires installation of heat detectors at all group homes at a cost of around \$10K (3 new group homes & 2 HUD homes already meet the requirements). We will eventually need to plan a garden or a shade structure in the Olsen back yard area because of the large weed problem, but we don't have an estimate of the cost. The above maintenance capital needs total \$441.5K.

Vehicles Capital: We could use 2 wheelchair busettes, and 2 minivans, but one of each would be great. Mike suggested that we set up a capital replacement plan where we would project and accrue the dollars, so the needs don't hit all at once. Then it is much less stressful to replace equipment, and the funds are earmarked for a specific purpose. Chris explained that our contingency fund is our money market account. The bank covenant requires that we have a \$1M cash reserve. Scott suggested any fundraising be targeted for a specific item. Sometimes, the car dealers love to discount cars in exchange for their name on your vehicle. Steve suggested we approach vendors for discounts on purchases.

2016 Operating Budget: The April 2015 results for payroll showed actual payroll expenses under what was forecasted. This savings is due to our improvement in staffing positions, and positions not being filled. The budget includes a 2% increase for selected groups. Also, there was an HR position added that doesn't exist. Additional

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funds were added in case we re-evaluate leadership positions. Chris explained that he budgeted to scheduled needs, as a conservative approach. Over-time agency wide is running at about 7 1/2%. Nursing has been picking up extra shifts, which we are trying to limit as much as possible. We will target overnight staff to supplement, instead of nursing staff. The budget shows net income of \$371K, with \$360K for the sale of assets. Jeff wanted to know if operating expenses were lower because of efficiencies. Chris said that nothing stood out. IT consulting will increase due to Provelocity coming on site at an additional cost of \$18,000. Host Home expense jumped up, but Host Home income did as well. We are improving every month because of the added accountability. Our strategy is to push host homes as much as possible. Chris will finalize the budget for the Executive Board by summarizing the results for the June 18 meeting.

We are projecting a favorable net income of around \$250K this year. This includes a proposed bonus, a favorable IBNR, and PDO balance. There will be an All Staff meeting to announce a 2% increase for certain people starting in July, 2015. There will be a search for a new HR person. Joan will return to serving in the compliance area full-time . Human Resources will report to Sharon Jacksi.

3. **Retirement Plan update:** Effective July 3, 2015, there will be a change in the default fund to the target date fund. Also, participants will be able to receive a company contribution after one year of service.