



## BOARD OF DIRECTORS MEETING – JUNE 25, 2019

### PRESENT FROM BOARD:

Joe Warner, Terry Pickens, Dave Hayden, Tawny Espinoza, Marna Lake, Jim Grisier, Kevin Fitzgerald

### EXCUSED ABSENCE(S):

Steve Ammentorp, Scott Coleman, Stephanie Keller, Mike Nordine, Justin Ward, Tommy Johnson

### PRESENT FROM STRIVE:

Grant Jackson, Mary Anne Lawrie, Chris Bergquist, Doug Sorter, Sarah Bonnell

OVERVIEW OF MEETING
The minutes from the previous minutes were approved
Grant provided state and organizational updates.
Chris reviewed the Financials for May. They were accepted by the Board.
The proposed budget for FY19-20 was presented. The budget was not approved. The Board requested for the CFO to look into cutting more expenses and resubmit to the Board. The revised budget will be reviewed again at the July Executive Committee. The governing Board will also be invited this meeting.
Doug provided updates on fundraising efforts and Alida's.

A quorum was achieved and the meeting was called to order at 12:04 p.m. Tawny Espinoza presided.

### MINUTES FROM 6/4/2019 MEETING

The minutes from the meeting on 6/5/2019 were reviewed and approved.

**It was M/S/P (Warner/Lake) to approve the 6/4/2019 minutes as presented.**

### INTRODUCTION

Grant welcomed Kevin to the meeting. Introductions were made around the table and members present welcomed Kevin.

### PRESIDENT/CEO REPORT

Grant and Doug met with the St. Mary's about the Audyssey program and if there may be interest in taking it over. At this point in time, they are not interested and do not believe it would be a good fit. Discussions continue with Colorado Canyons and they believe they can make it profitable. They believe they could do the transition within a two to three month period so we are still looking at the end of September or first of October. Audyssey staff consists of Sharon and one nurse with the remainder being independent contractors. There

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is a possibility that we may be able to retain the nurse. With the program moving over to Colorado Canyons, this will provide us with additional space that can be utilized by the Nursing department.

State auditors were out here to do revisit our progress in addressing the deficiencies that they cited us during their original audit last fall. At this point, Grant provided a summation of the outcome of the original audit. The auditors were impressed and complimented us on the improvements that had been made and actually removed some of the tags but; unfortunately, they cited us on more deficiencies in regards to training, nursing and communication. Upon their recommendation, we visited a group home in Denver that they felt was a successful model that worked very well. The outcome of that visit was very positive and we are currently making changes in moving from a nursing model to a nurse case management model. This entails moving to on-call nursing model for the medical home instead of having overnight nurses. The nurses will then “delegate” duties to the DSPs after providing them the proper training on various duties, i.e. g-tube feedings, enabling the nursing staff to focus on more one-on-one supports to the individuals in the homes. Sal continues to work with staff on developing strategies in becoming in compliance by providing the State a monthly report on the progress that is being made. The moratorium is still in place.

On a final note, all individuals that resided at 3301 have transitioned into anew residential settings and we will move forward in selling this property.

## **FINANCIALS**

Chris provided an overview of May financials showing a net income of \$145K including donations. Taking donations out leaves an operating income of (\$46K). Year-to-date income is running over \$1.5M with donations. Taking donations out leaves an operating income of \$45K.

Attention turned towards the various graphs presented:

- Revenue is running around what was forecasted. This was due to the 6.5% rate increase and in increase in host home enrollments. Fluctuation in billing efficiencies in case management and behavior continues.
- Personnel expenses are under forecast but are slowly increasing with positions being filled.
- Operating expenses are over forecast due to outsourcing of therapy services for adults and children services.
- Operating income has improved in comparison from last year and is over what was originally forecasted.
- Net income shows an increase in comparison to last year.

Highlighted departments this month are:

- 3301 – This program has been running in a deficit for quite some time due to the high needs of the individuals that resided there and the difficulty we experienced in staffing this home. This home is now closed and all the individuals have successfully transitioned into other residential settings.
- Family Caregiver Program – The program runs similar to the host home model and has potential growth.

Chris then reviewed the metric analysis for May highlighting on the following areas:

- Total residency occupancy, inclusive of group homes and host homes, is at 92.5% which is slightly under the target goal of 93%.
- Group home residential occupancy is at 85.30% and is below the target goal.
- Case Management billing units were under the target by 1,473 units. Case Management has had a recent turnover of staff and are training new case managers.
- Behavior billing units were under the target amount.
- Total vocational units billed were under the target amount. This is due to vacations causing attendance to be down in the programs.
- Staffing is below the targeted goal but getting closer to being fully staffed. There for a while we were down 20 to 30 staff. Now we only have 7 positions to fill.
- Operating costs continue to run over projections. We continue to look and work with all department in shaving additional expenses.

Balance sheet is similar to last month's due to the new building and as reflected impacted our cash and working capital. Net assets went up due to the new building. Accounts receivable is improving. Current ratio is 2.72. Debt to equity is .41 and months unrestricted cash is at 2.69.

**It was M/S/P (Hayden/Lake) to accept the financials as presented.**

#### **PROPOSED BUDGET FOR FY2019-2020**

- **Revenue:**

The state approved a 6.5% rate increase effective March 2019. The State required that this money be passed onto staff to help with retention. This amounted to around \$400K. Next year we will have the full effect of this increase. On top of the 6.5% there was an additional 1% rate increase across the board. Budget has been constructed to reflect actual client schedules and rates for residential and vocational in giving a better insight on what the financials exactly reflect on a daily basis.

- **Expenses:**

Normal staffing schedule was factored into the budget to better forecast personnel expenses along with the raises associated with the 6.5% rate increase. Chris developed a new benefit spreadsheet on all staff to better track who is enrolled in plans and costs involved for better forecasting ability. On a side note in relation to benefits, a suggestion to look into offering a Wellness Program to staff could be beneficial in potentially lowering health costs. It was also suggested to reach out to some other entities, i.e. Hilltop, Housing Authority, to find out more about the benefits attained from implementing this type of program. Grant will take this under consideration and reach out to the appropriate contacts to gather more information. A similar spreadsheet was also created for Host Homes with all information and costs pertinent to that program. Grant and Chris met with each department head to look at areas to cut some of their program expenses. A couple of departments have identified some positions that could be absorbed by other positions which would only impact about 4 to 5 personnel. This information is not reflected in the budget today as well as Audyssey possibly moving over to Colorado Canyons.

- **Assumptions:**

Mesa County's allocation is factored into the budget with the same amount that was received last year (\$536K). This will not be credited until December. With

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the new State billing changes in Early Intervention Chris is basing his assumption on the state reimbursing all costs as proposed. The State used to reimburse as a “fee for service” which had an actual rate attached to it. The new changes are that you submit all expenses to them and they determine on what is reimbursable or not. Chris has \$400K worked into the budget from fundraising which equals to the annual curtailment payment on the building. The sale of 3301 has also been worked into the budget in the amount of \$300K and should be going on the market next month.

At this time, Jim distributed his spreadsheet based on the budget information previously provided in their packets which he condensed down for members to easily review the financial status of each department along with a summary of gains and losses in addition to showing the gains and losses of the group homes. The current proposed budget reflects a \$427K net income. If you back out the donations and gain on sales it leaves the operating income running at a loss of \$301K. Administration, Accounting, HR and Public Relations are not revenue generators and running at a loss. In looking across the spreadsheet you are able to see quite clearly which departments are running in deficit. This led into a lengthy discussion in relation to these departments, potentially closing an additional group home and/or repurposing it to fit within the guidelines of the funding, the funding attached to the group homes and cost of penalties involved to get out of the loans, potentially negotiating with the State on additional funding for the homes, other alternatives to generate revenue with more community inclusion for individuals, continuing discussions in handing Audyssey off, focusing on what supports are working, impact of cash flow with curtailment payment on new building, etc. After further deliberation a motion to approve the budget was presented.

**It was M/S/P (Fitzgerald/Pickens) to approve the FY19-20 Budget. Grisier abstained.**

Tawny inquired to Jim as to his concerns about the budget. Jim expressed that he believes that STRiVE needs to go back and re-evaluate the programs that are running at a high deficit and consider making additional cuts. Once this has been done, the budget should be re-presented to a sub-committee for further direction. It was the consensus of Board members for Chris and Grant to re-evaluate the budget and resubmit next month to a sub-committee. In the interim, members agreed to rescind the motion approving the budget for FY2019-2020.

**By a unanimous vote of members present, it was M/S/P (Fitzgerald/Espinoza) to rescind the aforementioned motion approving the budget and amended to read:**

**A sub-committee will be formed, consisting of interested Board members, to delve further into cutting additional expenses on the proposed budget and re-present it to the full Board for approval in July.**

## **REPORTS**

### **FUNDRAISING EFFORTS**

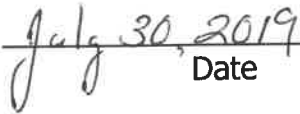
Doug distributed a graph of donations over the past 12 months. It was noted that a donation recently received in the amount \$150K is not reflected in June. To date, fundraising efforts amount to over \$240K. This consists of grants and donations received from various foundations and clubs. We’ve also been getting a lot of media

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attention lately with TV interviews, commercials and PSAs. Over 20 radio interviews have been done. Doug has also done several presentations to various community stakeholders. Tulips and Juleps was well attended netting between \$20-\$25K. We had over 6 teams at the JUCO picnic and a large turnout of individuals, staff and parents/guardians. The Garden Groove's first concert did not have a good turnout due to the inclement weather. Doug also had the opportunity of attending Rural Philanthropy Days in Paonia. He was able to network with a lot of funders and reconnected with the representative with Daniels Fund who will be planning a visit sometime next month.

**It was M/S/P (Warner/Fitzgerald) to adjourn the meeting at 1:47 p.m.**

  
Secretary

  
Date

