STRIVE
PEOPLE SUPPORTING PEOPLE

BOARD OF DIRECTORS MEETING – JUNE 30, 2020

PRESENT FROM BOARD:
Steve Ammentorp, Terry Pickens, Tawny Espinoza, Jim Grisier, Kevin Fitzgerald, Tracey Garchar, Randy Brown, Justin Aubert

EXCUSED ABSENCE(S):
Justin Ward, Stephanie Keller, Mike Nordine, Krista Ubersox, Scott Coleman, Dave Hayden

PRESENT FROM STRIVE:
Grant Jackson, Mary Anne Lawrie, Chris Bergquist

OVERVIEW OF MEETING
Minutes from the previous meeting were approved.
Grant provided State and organizational updates.
Financials were presented and accepted. Chris reviewed the Proposed Budget for FY2020-2021. The proposed budget was approved.

A quorum was achieved, and the meeting was called to order at 12:06 p.m. Steve Ammentorp presided.

MINUTES FROM 6/2/2020 MEETING
The minutes from the meeting on 4/28/2020 were reviewed and approved.

It was M/S/P (Garchar/Fitzgerald) to approve 6/2/2020 minutes as presented.

PRESIDENT/CEO UPDATES
At present we remain in a lull with not very much movement on reopening vocational programs due to the strict guidelines we have to adhere to. Just to recap some of the restrictions:

- Only 10 people inclusive of staff per program.
- We are unable to transport and will be asking for assistance from the individuals' appropriate providers.
- Vulnerable population and aging individuals are not allowed to participate.

We are looking at starting with Uniquely Yours with limited individuals working and limiting working hours. Depending on how this goes we will then look at Performing Arts in the next couple of weeks. We are also thinking of other alternatives to provide some relief to host home providers and family caregivers for individuals that would not be able to participate in the programs. Vocational staff have been very creative in developing curriculums and assignments for the individuals to work on at home, hone their skills and be paid for the work that is completed. Vocational staff are also checking in, via social media apps, with individuals on how their projects are progressing. One community centered board (CCB) is starting to conduct group Zoom meetings which we are considering doing and/or having some group activities down at the Gardens for individuals to participate in. A question arose in relation to Alida's status with the upcoming fruit and holiday season. Grant responded there are about 4 staff currently working there to handle the on-line and in store sales in addition to making some products. There is some concern of the fruit crop this year and Doug has reached out to Talbott Farms to see if they are still willing to donate peaches from their 2nd and 3rd crop to ensure that we have enough to make the jellies and jams. A local provider reopened one of their day programs and immediately shut it down the next day due to an individual being exposed to COVID. This raised the question on what Grant has heard about people getting sick. Grant responded that he has heard some horrible stores on the front range with numerous outbreaks in group homes and within the community that not only has impacted the medically fragile but also the non-vulnerable population. We continue to practice to follow our infection control protocols in the group homes if anyone is showing any of the symptoms. We continue to make the health and safety of our individuals our main focus.

Grant reminded Board members of the rate structure change for Targeted Case Management (TCM) and how that has a financial impact on the of $500K less than what we currently receive. The Case Management Director with the guise of the State streamlined the Case Managers' tasks which resulted in laying off 7.2 FTE. This will somewhat offset the loss with the new pay structure.

FINANCIAL REPORT

Chris provided an overview of May financials. May was not one of the best months with a loss of $72K with donations, removing donations we stand at a loss of $77K. Year-to-date income is running over $77 million with donations.

Attention turned towards the various graphs presented:

- There's nothing to noteworthy in revenue. There was small blip due to loss of transportation revenue due to programs being closed.
- Personnel expenses over forecast due to vocational staff being repurposed working group homes and other areas which makes it very difficult to compare to forecast.
- Operating expenses are under forecast due to programs being shut down.
- Operating income has improved.
- Net income shows an increase over the prior month.

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

- Total residency occupancy, inclusive of group homes and host homes, is at 93.4% which is over the target goal of 93%.
- Group home residential occupancy is at 82.50% and is below the target goal. This is based on a couple of deaths that have occurred and vacancies in the home due to no referrals and the quarantine due to the COVID pandemic. Grant & Chris have been talking with another entity who may be interested in purchasing one of our homes.
- Case Management billing units were over the target by 787 units. Case Managers appear to be more efficient working at home.
- Behavior billing units were over target amount.
- Operating income is not noteworthy. We are actually entering into a loss due to group home vacancies, staff shortages and the uncertainty of the continuance of

retainer payments.
- Net income is currently running at a loss inclusive of donations.

Chris then reviewed the metric analysis for April, highlighting on the following areas:
- Total residency occupancy, inclusive of group homes and host homes, is at 90.5% which is under the target goal of 93%.
- Group home residential occupancy is at 76.63% and is below the target goal. This is based on a couple of deaths that have occurred and vacancies in the home due to no referrals and the quarantine due to the COVID pandemic.
- Case Management billing units were under target by 755 units. This metric will be changing since the rate structure will be going to per member/per month (PMPM) effective July 1.
- Behavior billing units were over target amount due to the utilization of Telehealth.
- Total Vocational units billed were over the targeted goal. This is due to retainer payments that we receive. This funding allows us to continue to bill for attendance at the programs as if we were running normal operations.
- Staffing is below the targeted goal.
- Operating costs were under projection due to lack of use.

The balance sheet reflects quite a bit of change due to the PPP funding and various COVID grants which is reflected in the cash and working capital. We are hoping that we are able to get forgiveness on this funding especially with the constant changes to the terms and conditions of the loan. We received $1.7 million to spend down within an 8-week period. They have recently extended it to 24-weeks allowing us to continue to spend down this funding. The funding allowed us to hire back some of the staff that were laid off. There is some concern we are slightly under the percentage of FTE rehired due to some opting not to return and most likely will have to refund back a small amount. Chris is also keeping very detailed records on how the monies are spent in addition to running periodically reports. A question arose in relation to accounts receivable and if it was a timing issue when payments were received. Chris confirmed that is a timing issue. The billing is submitted but there may be a date or code wrong and will get returned causing a delay in payment. Net assets went up slightly. Accounts receivable is improving. Current ratio is 1.89. Debt to equity is .44 and months unrestricted cash is at 4.47.

It was M/S/P (Grisier/Aubert) to accept the financials as presented.

PROPOSED BUDGET FOR FY2020-2021
Major assumptions for FY2020-2021 entail:

Revenue
- PPP loan projected to be 90% forgiven. $1.6M shown as income on the income statement as a result**.**
- The rate structure change for Targeted Case Management to per member/per month impacting a net change of $400-$500**.**
- A 1% rate decrease on all waiver services. The State was originally looking at a 5% decrease across all these services.
- Vocational revenue assumed to normal billing. This area is a wild card based on the uncertainty of how long the retainer payments will be in play and what the day programs would like once they are reopened. Chris has projected the month of October for programs to be completely open for budgetary reasons.

- A 5% decrease in the allocation from the County based on a couple of conversations Grant has had with them.
- The State finalized the Long Bill and rates for Supported Living Services and Family Support Services were slightly decreased by $20K.
- Early Intervention is still making significant changes to the program and have not finalized the contract yet. They contract has been extended for two months allowing them time to work out all the details. One significant change made is increasing the eligibility criteria to decrease the number of children served.
- Transportation is another wild card due to the programs being closed. Chris removed the revenue for two months and will have to readdress as programs start to open.

Expenses:

Personnel:

- Reduction in staff of 7.2 FTE due to rate structure change for TCM.
- Vocational staffing is hard to predict considered as another wild card due to programs being closed.

Operating:

- These are somewhat predictable. Chris did remove the COVID expenses when he was making this forecast and discounted this assumption by a small amount.

Fundraising:

- Doug is projecting about $200K in fundraising. This would include a $25K grant for Alida's, $70K for events, (this will have to be addressed as we have already cancelled one Garden Groove concert), and a $25K CBDG for renovations in the group homes.

Chris updated the summary that was presented to the Finance Committee since adjustments of $290K had to be made due to some miscellaneous losses that recently occurred. Revenue is projected at $18.1 million. Removing the $1.6 million for the PPP forgiveness reflects adjusted revenue of $16.5 million. Total expenses are forecasted for $7.9 million leaving creating an operating loss of $578K which reflects a $290K difference than previously presented to the Finance Committee.

The major area of concern is the group homes based on accumulation of vacancies, OT, Nursing and personnel expenses and are projecting a loss for this budget year. Chris reviewed the detailed spreadsheet with Board members. A question arose as to why the group homes are running at a loss and if this trend continues on the organization will have difficulty remaining sustainable. Chris responded that there a couple of factors involved for the losses. First there are numerous vacancies across the board in the homes. Secondly, individuals are opting for host home settings more so than a group home setting. Third, the state imposed a moratorium on the homes for new placements due to the survey deficiencies. But, the major issues are the homes that are under HUD and HOME funding. On a positive note, Hilltop is considering expanding their LAP program and toured Victoria to see if it would fit their needs but unfortunately it did not. We've also reached out to other providers to see if there might be an interest in purchasing but they were not interested. This led to a lengthy discussion pertaining to discussions with the state in relation to increasing their rates for providing services and supports to the I/DD population in addition to how the system has changed and its financial impact on providers for lack of funding, asking assistant from our lobbyists to reach out to legislators explaining the need for additional funding due to system changes, scheduling meeting with DOLA and explaining the need to change the rules of the loan for the three houses, the penalties and fines involved in defaulting on the loan, the use covenants tied to the houses and

At 12:54 p.m., it was M/S/P (Grisier/Hayden) to adjourn the business portion of the meeting and proceed into Executive Session to discuss legal issues.

_Approved at August 29 Meeting
Not signed due to covid

Secretary　　　　　　　　　　Date