FINANCE COMMITTEE MEETING – June 22, 2020

PRESENT FROM COMMITTEE:
Steve Ammentorp, Kevin Fitzgerald, Dave Hayden, Krista Ubersox

PRESENT FROM BOARD:
Jim Grisier

PRESENT AS GUEST:
Cathy Staten

EXCUSED ABSENCES:
Scott Coleman, Tawny Espinoza

PRESENT FROM STRIVE:
Grant Jackson, Chris Bergquist, Linda Briggs

ITEM	OVERVIEW OF MEETING
1	Minutes of Previous Meeting
2	Discussion Items: Proposed Budget for FY20-21
3	General Discussion & Committee Feedback

Minutes of Previous Meeting

It was moved by Steve to approve the minutes from the December 10, 2019, meeting. It was moved and seconded to approve the May 19, 2020, minutes.

Discussion Items:

Chris started with the budget assumptions in the budget presentation slides. The Paycheck Protection Loan is now on the balance sheet, and next year it will become forgiveness grant income. The projection includes 90% forgiven because we might have to pay a proportion back due to the FTE being lower than the PPP measurement period. The Case Management department completed the layoffs. The Case Management reduction of revenue is projected to be 400-500K before the layoffs. There will be a Provider rate decrease of 1% on all waiver services. Vocational revenue is hard to project. We are now getting a vocational retainer, but we don't know how long this will last. The budget is constructed on the premise that we will either get the retainer payments or be back to normal operation. Any other deviation from that would likely mean that other operational changes need to be made. The County revenue is projected to decrease by 5%, but there is nothing definitive at this time. State and FSS budgets represent the proposed amounts. We are still waiting for the finalization of the Long Bill. Early Intervention has not solidified the annual contract. They are extending our current EI contract for two months for now, while they sort out the details for the upcoming fiscal year. We assumed that transportation would normalize in the budget, but this is very difficult to predict. We planned for no transportation for the first two months of the fiscal year. Dave asked if we could have an alternative budget. Chris responded that he agreed there are some large assumptions in the budget at this time but predicting an alternative to what may or may not happen is very difficult, provided all the uncertainty. We will also use the forecast to build in new information as we receive it. The 7.2 FTE Case Management budget reduction is reflected in the current budget. Currently, we have no Vocational FTE because we are currently not running programs. We budgeted at least 1 FTE for each program in anticipation of the return to the programs.

Now we are moving to the operating costs assumptions. March & April operations were not normal due to COVID. Chris said he tried to normalize the budget, eliminating March & April. Doug is projecting $200K of fundraising this year. Gross revenue is projected at $18.5M. After backing out the PPP forgiveness, the adjusted revenue would be $17M. The total expenses are projected at $17.4M, creating an operating loss of $329,658. Chris went over the detailed spreadsheet. The combination of group homes, OT, and nursing are creating a very large projected loss for the upcoming budget cycle. There are currently many vacancies in residential contributing to this problem. Grant is talking with Hilltop about the sale of Victoria. Hilltop did a tour last week. They will get back to Grant next week. If the sale goes through, the individuals in Victoria would be spread out among the other homes, nursing staff would be eliminated, and we would gain efficiencies. Imagine (CCB on the Front Range) requested a rate increase, and the State denied them, but we could try again for an increase. Jim asked about our counterparts. Chris mentioned that on the Alliance Summit CFO calls, everyone is reacting differently. Everyone is up in the air about the retainer. Rob DeHerrera (CFO on the Front Range) did not take a PPP loan, but did furlough all their vocational staff. Grant said he spoke with Douglas County and they are losing a couple million of their mil levy money. No one knows at what point the financial stress is going to force them out. We don't know what we are up against. Jim suggested maybe we sell another building to head off this uncertainty. Chris mentioned maybe we ask the State for more reimbursement. If we don't have tenants, then we don't have tenants. The State does not grasp the concept of our CCB. Grant mentioned there are several larger Community Center Board directors that have HUD and DOLA properties and they are struggling too. Jim requested that a full excel budget be sent out to the Committee. Chris feels like the operations need some work. The Paycheck Protection Program forgiveness inflates the bottom line this year. We don't know how operations will normalize because we can only transport one person in a van. Some individuals may not come back as much because their provider/guardian does not feel comfortable. Dave summarized the PPP saved us, and we have time to work on the operating deficits. Steve suggested we approve the budget knowing it will be changing. Chris commented the budget with the rolling forecast is not that much different from past years. The forecast is more of the real time document. Chris will send out the detail, and the Committee will communicate how they want to proceed after reviewing the detail. Grant mentioned we are opening Uniquely Yours tomorrow, which will be our first vocational test opening.

There was a motion, and a second to adjourn the meeting.

At 1:56 p.m., Committee members adjourned the meeting.