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## FINANCE COMMITTEE MEETING – September 29, 2020

**PRESENT FROM COMMITTEE:**

Steve Ammentorp, Kevin Fitzgerald, Dave Hayden, Krista Ubersox, Tawny Espinoza

**PRESENT FROM BOARD:**

Jim Grisier

**PRESENT FROM STRIVE:**

Grant Jackson, Chris Bergquist, Linda Briggs

ITEM	OVERVIEW OF MEETING
1	Discussion Items: Presentation of FY 20 Audit
2	General Discussion & Committee Feedback

**Discussion Items:**

Dave Studebaker and Alex Terpstra were present from Eide Bailly, and Dave began the presentation of the audit draft. Dave mentioned that the audit opinion on page 1-2 represents a standardized opinion in which the auditors evaluate for risk, but do not test for internal control, which is completely normal in this type of audit. This opinion is the best you can do, so great job. The Balance Sheet on page 3 is a snapshot of the assets and liabilities on June 30, 2020. The increase in cash and cash equivalents of \$2.5M is due to increased fees for service, and the PPP loan of \$1.7 million. The liability increase is due to the PPP loan, which is anticipated to be forgiven. Next year when the loan is legally forgiven, you will see it run through as grant revenue. Jim asked about the long-term portion, and Dave thinks it is 18 months, and Chris mentioned the interest rate is 1%. On page 4, the Income Statement shows a revenue increase of \$1.2M mainly from \$1.6M increased services offset by public support and gain on sale in 2019.

The change in accounting policy footnote on page 13 was required to be adopted due to changes in accounting standards. Jim asked if this had any bearing on Strive, and Dave confirmed there was no impact due to the new standards. Note 2 on page 15 was adopted last year. This is very helpful for boards this year to evaluate the current condition of their organization. Strive is in a good position with a \$6.5M cash position. Note 3 on page 15 shows the pledge balance on June 30. The discount will continue to go down as we get closer to collection. Note 5 on page 16 regarding the bonds payable has a sentence at the very bottom that Strive was not in compliance with the debt service coverage ratio due to the PPP loan, and the bank provided a waiver. Note 6 on page 17 provides all the details on the PPP loan. Note 7 on page 17-18 explains the operating and capital leases assumed with the acquisition of Alida's. Note 10 shows the donor restrictions.

Dave noted that the financial metrics are remaining constant at 90% program expense, 9% for general administration, and 1% for fundraising. These ratios are better than industry average. If program expenses reach less than 75%, a tax-exempt entity could be questioned by the IRS.

There are no internal control findings, no audit adjustments, and no disagreements with management. Dave mentioned the whole audit was done remotely, and this proved efficient with no problems. Jim asked Dave if he had any concerns about changes going forward. Dave does have concerns regarding the changes in funding and regulations the past six months. Jim asked Dave if other people are as concerned as we are. Dave answered that all of those that are paying attention and have a strategic forward-looking focus are fearful. Dave answered Jim's question that he does not have any contact with the State, and he hears on the same level that we do.

The Form 990 tax return is in process with Kyle, and there is no unrelated taxable income, and no public support test concern.

Dave mentioned he will present the abridged version to Board. There was a motion and a second to accept the audit report and present it to the Board for approval.

Chris asked if there were any more issues to discuss. Jim asked Dave about the internal control process. Dave answered that we look at internal control from the \$10K foot view by performing walkthroughs to see if there are any concerns. When an internal control letter is issued is when there are no controls or missing controls.

**At 11:36 a.m., Committee members adjourned the meeting.**