

FINANCE & AUDIT COMMITTEE

Regular Meeting Minutes

October 22, 2018

Present Bill Baird, Alan Crain, Lynette Ladenburg, Tammi Palodichuk, Aaron Schielke, Robin Schuman, Helen Stoll, Chris Vernon-Cole, Diane Wasson

Call to Order – Alan Crain, *Committee Chair*

Called to order at 5:10PM.

Approval of Meeting Minutes – Alan

- MOTION – Approve the September 24, 2018 Finance & Audit Committee Regular Meeting Minutes. with the following three corrections: Under Other Business – Bad Debt Policy” should read ‘Debt Policy,’ under AR Aging “September aging” should read “September AR aging” and ‘will present the June and July statements...” should read “will present the August and September statements...” The motion carried.

Financial Report – Robin Schuman, *Chief Financial Officer*

Robin Schuman reviewed all financial summaries for September. (A full “Financial Statement Summary for Board Review,” dated September 30, 2018, is attached.)

Health Services highlights included notice that the Helen Clark Trust distribution is anticipated in October and will be posted in October financials with \$45,000 applied to 2018 and \$17,000 applied to the year prior. Robin noted for the committee that all monies received are intended to support underfunded expenses for female residents/patients at the Health and Rehab Center. Aaron Schielke asked for clarification regarding the “Purchased Services” expense. Chris Vernon-Cole explained it was related to fire, sewer, etc. inspection. Though not budgeted to occur this year, during the inspection review the scope was increased and revealed some needed maintenance items. The Bad Debt write-off was reported as \$64,886.59. Consolidated Bad Debt Expense approximates at \$98,000 YTD and is budgeted at \$100,000.

Robin noted that a receivable of \$33,275 was booked for Ebenezer, and that this will be received from CDBG as grant monies to pay for the recent Ebenezer parking lot repairs.

Bill Baird questioned the entry for “Capital Lease Payable” (Balance Sheet, Pg. 2). The entry recognizes the portion of the \$1 million BCF loan, which is forgiven each year, but accrued as a payable until full grant obligation is retired. Lynette suggested the entry be recorded as long-term debt, and the 1/10 received annually recognized as “Grant Income.”

Investments - Robin

Robin alerted the committee that the Morgan Stanley holdings have been liquidated into Money Market Funds and that the Organization is waiting for determination of where and how these monies will be invested.

Alan Crain suggested a clause is needed in the Investment Policy to indicate what percentage should be held in cash, etc. He went on to request that a preamble be added to the policy that specifies goals or thresholds once the operating liquidities have been set, explaining that the overall objective should be to set operating liquidity, then move the MMF funds to 'investment' with consideration of market value versus liquidity. Bill Baird suggested modifying the "Rebalance" section to include a " $\pm 5\%$ of target." Anticipate a minimum 90 day operating cash specification and investment language to address cash greater than 120 days. Bill and Alan will collaborate on an Investment Policy revise. Bill will resource (non-proprietary) samples from other industry-similar organization and they will bring recommendations to next month meeting.

2019 Budget - Robin

Robin informed the committee that a special meeting will be held on Wednesday, November 14th for all board members to attend to review the preliminary 2019 budget.

990s - Robin

Robin recommended that verbiage in the 990 Policy be changed to eliminate the stipulation that copies be provided to all Board Members. Instead, it was recommended that language be inserted that directs 990s be provided to the Finance & Audit Committee for a detailed review and that their recommendation will be presented to the total Board.

Robin went on to explain that the submission of 990s are due on November 15, 2018. Copies were provided to committee members for review. Committee members inquired about how structure and relationships between the Corporations to MMLS are represented on the 990s. They also wondered if salaries of highly-compensated employees are only reported for MMLS, and whether more or fewer should be included, contingent corporate structure. Additionally, the committee wanted to know if the term 'director' described an employee title, and therefore should be included as highly compensated employees or if 'director' related to Board Trustees. Lastly, the committee suggested that a footnote be added to explain the Corporate relationships with MMLS, the salaries, etc. and/or that an organizational chart be attached as means of better clarification. Lynette and Robin will follow-up on these inquiries and suggestions and send their responses to Alan.

New Business - Alan

Committee is to develop a 2019 work plan/calendar, which will include such topics as budgeting, audit reports, 990s, cost report reviews, etc. Bill volunteered to collect historical minutes, filter out activities and construct a suggested work plan calendar to review at the next committee meeting.

Next Meeting

Monday, November 26, 2018 at 5:00PM – 6:30PM

Adjournment - Alan

Meeting adjourned at 6:20PM