

FINANCE & AUDIT COMMITTEE

Meeting Minutes

November 26, 2018

Trustees Present: Alan Crain, Aaron Schielke, Bill Baird, Helen Stoll

Staff Present: Robin Schuman, Lynette Ladenburg, Chris Vernon-Cole, Tammi Palodichuk and Diane Wasson

Absent: Marlene Le Mire

Call to Order – Alan Crain, *Chairperson / Finance & Audit Committee*
Called the meeting to order at 5:03PM.

Approval of Meeting Minutes – Alan Crain

MOTION – Approve the October 22, 2018 Finance & Audit Committee Meeting Minutes. The motion carried.

Financial Report – Robin Schuman, *Chief Financial Officer*

Robin reviewed all financial summaries for October. Highlights included:

Consolidated

- Cash on Hand goal is 90 days. Has increased from 63 days in September to 73 days currently.
- YTD net income is \$439,648.03 compared to a budget of \$96,909.58.

Health Services

- Cash on Hand increased from 11 to 24 days.
- Census at 171.35 compared to 163.5 budgeted.
- Expenses were impacted by 5 orders for supplies/food through the month.

Children's Services

- Cash on Hand increased from 47 to 48 days.
- Expecting approximately \$90K additional insurance settlement due to ELC claim.
- YTD Net Income significantly below budget due to business interruption.

Home & Community Services

- Revenue and Expenses are in alignment.
- YTD Income after Management Fee is \$56,658, budgeted at \$16,740.

Ebenezer Services

- \$13,425 loss on Investment Accounts closed out this month.

Accounts Receivable Aging

- Health Services is in best ever status. Approximately a dozen clients are making payments.

Business Interruption Insurance

- Received letter from insurance offering approximately \$54K as settlement. Currently debating with insurance company for additional \$39K.
- To date, insurance company has only paid for actual expenses of construction.

BCF Grant

- Balance pending; at EOY \$270K balance will carry into 2019.

2019 Budget - Robin Schuman, *Chief Financial Officer*

The 2019 Budget was reviewed and discussed in detail by the Finance and Audit Committee. Robin Schuman explained census and revenue assumptions, market wage adjustments, operating cost per corporation and development activity for the 2019 Operating and Capital Budgets. After a thorough review the Committee made the following motions:

Operating Budget

- MOTION - Recommendation for Board Approval of 2019 Operating Budget. The motion carried.

Capital Budget

Budget reflects approximately 10% fixed assets, incidental, consistent in more recent years.

- MOTION - Recommendation for Board Approval of 2019 Capital Budget. The motion carried.

Other Business

Alan reflected on strategies identified during September 2018 Board Leadership Retreat. Asking the Committee to consider how we look at future payer distribution, any changes needed to the physical structures to accommodate continued operations and to meet the needs of changing market.

The discussion confirmed that the current business model does not suggest need for immediate change; however, the healthcare field has been changing so rapidly that “long range” planning is now two-three years in the future. The organization must continue to stay nimble in order to remain viable. Areas of concern that would drive strategic movement would be an indication of a sustained decrease in current census and the continued movement from acute care to home. Opportunities for the organization currently is the demand for dementia and behavioral health admissions in community, private and Medicaid long-term care. The current 2019 budget projections addresses this change in skilled clients and more private pay.

Alan discussed the recent investment liquidation with the funds at Morgan Stanley making them not subject to the market and political atmosphere. Reallocation of those funds are pending investment decision of the committee and staff review.

Investment Policies – Alan recommends two options:

- Inserting language into current policy regarding bank selection, liquidity, security, etc., much of which would be advisor directed, or
- Creating a separate policy that speaks to banking and financial management. Policy would specify cash and cash equivalents, days Cash on Hand, etc. and when monies could be moved to investment account.

Bill Baird, *Committee Member*, will provide a model Investment Matrix, which defines the risk/liquidity elements and the level that would require Board consideration and approval.

Brief discussion regarding the Kitsap Community Foundation presentation earlier in the evening, the committee felt the risk level is too great for consideration of participation at this time.

Work Plan for Committee: Bill presented a frequency analysis of topics which were gleaned from prior committee minutes. The timeline triggered:

- Discussion regarding timeline for decision about whether to continue with current audit vendor.
- Aaron suggested review immediately following release of audit report (May?) 990s are completed by July, approved in August.

There was no other business.

Adjournment

Meeting adjourned at 6:22PM