

Washington Hancock Community Agency
 Meeting of the Board of Directors, June 7, 2017

Called to Order: 5:19 pm		
I. Roll call and introductions		
<p>Board Members Present: Ruth Sousa, Martha Beathem, Ron King, Betsy Fitzgerald, John Harris, Jonathan Thomas, Catherine Betz, Becky McKenna, Vanessa Young, Barbara Clark, Angela Rackliff, Michelle Beal, Brent Hartford Quorum Established: Y 13/15 Visitors Present: Mark Green, Bobbi Harris, Joe Perkins, Kevin Bean, Jennifer Trowbridge, Walter Kumiega, Eric Nadeau – Auditor</p>		
<p>II. Approval of Board Meeting Minutes from April 25, 2017 Discussion: Minutes were not included in the Board Packet. Tabled to next meeting. Action:</p>		
III. Items for Board Action		
<p>1. To hear the presentation of the audit for the year ended 9/30/16. Discussion: Review of the draft financial statements. Responsibility for the statements relies with WHCA management, their job is to provide an opinion using Generally Accepted Accounting Principles (GAAP) and Maine Accepted Accounting Principles (MAAP). Their opinion is Unmodified, which is the best opinion to give. They are completing compliance testing at their offices and will finalize the audit once this is done.</p> <p>Liquidity ratio is 1.6, industry ratio is 2.2 making us slightly below industry but above the 1.0 that most non-profits look to maintain. We have a 15% management & general expenditures rate, which is where we want to be. Our internal controls are good, in place, and such that they will identify any transactional issues.</p> <p>2. To enter into Executive Session to consult with the auditor regarding the FY15/16 audit. Action: Becky made the motion to move into Executive Session at 5:40 pm to consult with the auditor regarding the FY 15/16 audit, Martha seconded. Motion passed. Becky made the motion to come out of Executive Session at 5:45 pm, Vanessa seconded. Motion passed.</p> <p>3. “Resolved, to accept the report of the Auditor for the year ended 9/30/16. Discussion: Action: Becky made the motion to accept the report of the Auditor for the year ended 9/30/16, Martha seconded. Motion passed.</p> <p>4. “Resolved, that the Executive Director with the assistance of the legal or other professional counsel as he deems necessary or proper, prepare for consideration and vote by the Board at its June 27th meeting, a Plan of Merger and Articles of Merger suitable for filing with the Maine Secretary of State, to effectuate a merger of WHCA into CFO to be legally effective as of a date specified in the Articles of Merger.” Discussion: Betsy read the resolve. The resolve was worded by our attorney. The language is to merge WHCA into CFO because of the Employer Identification Number (EIN) of CFO being retained. We do not have any contracts that would be affected by this.</p> <p>Betsy handed out her notes from the CFO Board meeting on June 6, 2017, which are at the end of these minutes. This is a two step process: bylaws and articles of incorporation. The CFO Board resolved</p>		

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to use CFOs articles of incorporation. This is necessary for the Head Start contract. Betsy appreciates the hard work from the Senior Staff of WHCA. Grant is the current Interim ED of CFO; voted to appoint Mark Interim ED of CFO, with a transition plan to be put in place in July.

We still have to work out Board terms. It's a brand new Board so terms can start over.

Is someone going to lose their job? The Executive Director of CFO has already left, and they have an Interim Director. They have to do the same downsizing we had to do a few years ago, so some people will lose their job, and there will be some adjustments in the Administrative staff. Program staff will not be affected by the merger.

Where does the money come from for the additional costs due to merger? They tried to think of costs that the agencies already pay, as well as the costs associated with the merger such as media. Kevin thinks roughly \$80K, to include IT, some legal costs, media blitz, etc. These costs will be capitalized; we are looking at it from the point of view of one organization. The savings identified are savings to the contracts. Overall there will be \$110K savings that will either drop down to Unrestricted or will benefit the programs and clients we serve. We have spoken with the CF Adams Trust and the Maine Community Foundation about possible grant funds to assist with the expenses. Looking at our cash, will we be able to cover the outflow that will take 5 years to recover? We are concerned with cash, which will come into play when looking at capitalizing. This is the first year in 3 years that WHCA has not drawn from our line of credit. We are in decent standing with cash and do have the line of credit if needed. Our concerns with ARs are mainly with MaineHousing, but this seems to be getting resolved.

How long will it take to cut over to the new organization? The five year timeframe that has been discussed has to do with discussions with Opportunity Alliance, who explained that it took about 5 years for staff to assimilate and feel like one organization. There is a meeting Friday afternoon (June 9, 2017) to discuss a timeframe for various items. There may be stages depending on the task. It is important to have the employees all cut over right away. Budgets may take longer, as well as the possibility of using two accounting systems for a little while. The thought process is to have it all done within a year. Training and support is critical during the transition period.

Comparison of quick ratio of 3.38 for WHCA and 1.36 for CFO? Can't comment much because it was asked to be put together at the last minute, so not all details are available. The current assets that WHCA has are greater than CFO's; they generally see cash and receivables. CFO did have issues with cash over the past year and had to borrow from their line of credit often. They were top heavy, some of the allocations to programs were heavy for those programs. They received an Early Head Start grant from the state, which indicated they were heavy to that program and needed to cut some staff. Their current ratios are improving.

Possibility of cuts to Early Head Start at the State level? This is a concern, but is one that is common for non-profits. There is a lot of support for all of our programs across the aisle at the State and Federal levels, as they are seen as necessary. Part of the reason for the merger is to diversify wherever we can so that there is more stability in funding. Our fees revenue have increased, allowing us to diversify more which has worked well for us. Yes, we could suffer from cuts but we have adapted over the years to such cuts and have survived.

Action: Ruth made the motion to accept the resolution, Becky seconded. Unanimous vote to approve the resolution.

5. “Resolved, to establish a program to provide automobiles to low income clients as detailed in the document entitled “Helping Hands Garage Program” and dated June 7, 2017.”

Discussion: Mark handed out a document titled “Helping Hands Garage Program 6/5/17 Revision”. The loan process was created with the intent of helping our clients build a banking relationship, as well as improve their credit. Seaboard Credit Union stated they would be willing to be the lender as long as we were able to guarantee some portion of the loan. They do have a relationship with a Credit Union in Washington County, which will be better for clients in that area. The Committee would like to try this as a pilot of 6 months or 10 loans, whichever comes first, and then the program will be re-evaluated. We get about 8 cars a year donated. They generally have been junk vehicles and more of a hassle to take. We have started to ask if the vehicle is roadworthy in order to get better vehicles. Is the \$6,000 maximum price set, or can there be an exception made? Is the subsidy in addition to the maximum price, or part of?

Due to the relationship with the bank we want to be sure of who we are sending to them for a loan. The subsidy will not be recaptured by WHCA. Can we make this program work for repair loans? Many people have vehicles but can’t fix them or perform regular maintenance such as tires. Would also like to see a way to have clients save money to make repairs. We will be referring them to the Financial Coach. Change Section 3.C. to include CFO.

Action: The resolution is tabled to the next meeting due to some details to be worked out, as described above. Mark will get the committee back together.

IV. Reports

1. Development Committee – Barbara Clark – A picnic or BBQ for the joint new Board? Barbara would be happy to help pull this together. The first joint meeting would be in August, possibly at McLellan Park in Milbridge?
2. President’s Report – Betsy Fitzgerald – Accolades to Martha and Michelle for attending the Advanced Board Boot Camp. The presenter made Martha think; are the committees doing their job; always be thinking about next year’s leadership; ask yourself why you are here (at a Board meeting). Michelle picked up on the development piece and member orientation; take the new member to all facilities and meet with certain staff; what do you want your board to be down the road, looking at diversity in regards to age, gender, specialties, knowledge. On June 28th there will be a presentation on fundraising in Ellsworth by MANP. Would it be feasible to check into the cost of a board boot camp brought to our large group? Once the boards are merged, we could perhaps do a retreat rather than a board meeting one month. Bobbi will look into it. These are full-day trainings.
3. Executive Directors Report - Mark Green – We finally got the last propane tank figured out for the Milbridge project, and are full speed ahead. Looking to break ground in the fall. We have learned about an opportunity to operate a nurse bridging type program in Hancock County. Maine Coast Memorial Hospital does not want to do it and it looks like we will have the contract transferred to us on July 1. We will gain another nurse. She is looking forward to working with an

agency, rather than as an independent contractor. There may also be an increase in the State budget for Public Health Nursing.

4. Finance Directors Report – Kevin Bean – The Finance Committee met last Thursday. The audit was presented and questions asked. The financials for April were reviewed. \$700K in the bank, down about \$130K from last month. Slow down in Logisticare wires and MH ARs. Once these funds start coming in cash will increase. Current YTD surplus is \$143K, decrease of \$8K from last month. Revenues and Expenses under by 8% and 9%, respectively. We are coming into the busy season for housing programs; we expected a contract from DHHS for transportation, but the State did not award the RFP and is holding off until fall. HHG is showing a deficit of \$23K. About seven vehicles remaining in inventory. One is a van that transportation will be picking up. Friendship Cottage is showing a \$33K deficit, the conservative billable hours are not coming to fruition. We need to see hours pick up for the rest of the Fiscal Year; Kevin does not see this happening and is looking at possibly a \$55K deficit. If we can reallocate some of CSBG to Friendship Cottage, it may be a \$10K deficit for Friendship Cottage. Expenses are as budgeted; it's the revenues that are down. All other programs are looking good.

A decision will need to be made regarding Friendship Cottage if it continues to run the way it is. Billable hours are those hours that a participant is using the program, whether during transport or in the building. It's not necessarily the number of people, but the number of hours. We have lost money since the inception. It may come down to the Needs Assessment and where do we need to prioritize. It is a 5-day a week operation. Seventy-five to eighty percent of the building is used by Friendship Cottage; the downstairs is licensed for the adult day program, and the upstairs is used for offices and a community meeting room.

The State is now requiring that we look at the number of jobs that are created or maintained as a result of CSBG. It is uncertain whether Friendship Cottage has the numbers to allow us to continue to use CSBG to subsidize the program. The question may be, how much does WHCA want to subsidize operations?

Why aren't we able to recruit more people? This is a question that has been difficult to answer. We have 15 participants; in April they had 1200 billable hours and in May 1000 for those same 15. We are licensed for 30, but the highest enrollment has been 18, much more than that would be more difficult. Family schedules, funding sources and the number of hours they pay, play into the fluctuation in hours. This is a monthly concern, should the Board step in and work with Anne to review operations? Mark will speak with Anne and figure out what the Advisory role is, and will bring it back to the next meeting.

5. Development and Community Services Grant Report – Written Report

<p>V. Business meeting adjourned at 7:30 pm</p>		<p>Ron made the motion to adjourn.</p>
<p>Respectfully submitted, Jennifer Trowbridge, Housing Services Director</p>		

Helping Hands Garage Program 6/5/17 Revision

Section 1: Purpose: To provide an opportunity for low income families and individuals to acquire a reliable car at an affordable price.

Section 2: Funding

- A. Currently funding is only available for residents of Washington County from the Boston Foundation Grant. Approximately \$40,000 is available for loans and an additional \$30,000 over the next two years for subsidy.
- B. Staff will work to find additional sources of funding for residents of both counties

Section 3: Eligibility

In order to be eligible for the program applicants must meet the following criteria

- A. All applicants must live in Hancock or Washington Counties
- B. All applicants must meet the income eligibility requirements of the program
- C. All applicants must be enrolled in a program of WHCA and be referred to the Helping Hands Garage Program by a family advocate or a program director except that people who have previously received an HHG loan or who have an active application for an HHG loan on 5/30/17 shall also be eligible.
- D. Applicants must need a vehicle for transportation to work, medical appointments or to meet other commitments

Section 4: Loan Process

- A. The Helping Hands Garage Administrator will verify that the applicants meet the income and other eligibility requirements of the program and will determine what if any subsidy is appropriate. The maximum subsidy will be \$2,000.
- B. The maximum vehicle price will be \$6,000.
- C. Loan eligibility, processing and servicing will be handled by the financial institution. WHCA will enter into an agreement with the financial institution to guarantee or subsidize the loan.
- D. It is recommended that an independent mechanic check all vehicles. Funding will be provided by WHCA

Section 5: Source of Vehicles

Vehicles will come from HHG inventory, donations, private sale or a licensed dealer.

Section 6: Donations

The Helping Hands Garage Administrator after consultation with appropriate staff may sell donated vehicles to clients of the Family Advocacy or Head Start programs at below cost. All vehicles must be safe and have a current inspection sticker.

Section 7: Evaluation

The Program Manager will contact program participants annually to conduct a short interview to determine if and how the car has helped the participant.

The Executive Director will conduct a review of the program and report back to the Board of Directors in six months of adoption or after ten loans, whichever comes first.

Child and Families Opportunities

Notes of the June 6, 2017 Board meeting

Vote to recommend a strategic alliance; a vote today would trigger a planning document and direct the executive directors to develop a plan for July meetings that would result in a formal endorsement.

Two step process: bylaws and articles of incorporation

Board resolution – use CFOs articles of incorporation

How this would work: financially and for employees (improve benefits)

Better understanding: costed out options for full-time v part-time (eligible for benefits after 30 hours)

How operational portion is being merged: integrity of programs, merging fields of service

Management teams met – over- came most obstacles

Broader areas for a bigger impact

There was a turning point when people started thinking strategically

No deal breakers, staff is more comfortable

Recognize a great deal of work still needs to be done

Culture and Values – it is all achievable

Start with baby steps

Shift when CFO dealt with their own internal stuff v WHCA's readiness, watched the transformation, WHCA was there 7 years ago; seen a change from uncertainty, positive arc, people see a way forward, a real positive thing; exciting to be a part of it

Take it slowly, plan strategically, take time together, a stepping up to the plate; Deb and Sarah slowed us down when necessary

There was ambivalence – not leaping if there were any red flags, it became apparent there were not

Staff and Grant deserve a lot of credit: get ships headed in the right direction, we did not have to do this; so proud of the senior management team (GL) Remarkable achievement (CR)

Funders in Boston are all in agreement

Grant's goals: develop a strategic plan to complete the strategic alliance – a lot of hard work; match programs with those we serve; strengthen external relations and internal management

Motion to approve going forward (unanimous vote). After Executive session – voted to appoint Mark Interim ED and directed two EDs and Board chairs to develop a transition plan.