

Downeast Community Partners (DCP)
 Meeting of the Boards of Directors, July 31, 2018

Called to Order: 5:19 pm		
I. Roll Call and introductions		
<p>Roll call: John Harris, Martha Beathem, Betsy Fitzgerald, Becky McKenna, Jonathan Thomas, Ruth Sousa, Charley Martin-Berry, Michelle Beal, Ron King, Walter Kumiega, Charles Rudelitch. Elizabeth Ehrlenbach. Quorum present</p> <p>Staff Present: Mark Green, Kevin Bean, Melissa Mattes, Sarah Nugent, Hook Wheeler, Cheryl Robbins</p> <p>Guest: Eric Nadeau, auditor; Jane Thomas</p>		
II. Presentations		
<p>1. FY2017 WHCA audit – Kevin Bean/Eric Nadeau Clean opinion on FY 2017. Operating cash balance increased 206,000 over previous year. Balance fluctuates year to year. Restricted cash – four revolving loan funds, those were holding 345,000. Remaining balance is cash balances that remain on outside donor-restricted contributions. Accounts receivable, balance \$940,000 decreased 90,000 from prior year. Function of grant activity, and how we spend on contracts. Property and equipment, net decrease, acquisitions offset by depreciation. Investments – endowment carried at fair market value, increase over \$109,000; liabilities – total is about 2.5 million. Total decrease in liabilities of about 238,000, a factor of deferred revenue, also have deferred forgivable loans, through Maine State Housing, some forgiven each year. This year we made new loans of \$48,000, forgiven over \$200,000. Current ratio almost 1.8, up slightly. Change in net assets a positive \$115,000. Note: if excluding gains and income from investment, there would be a net negative change in net assets. Total public support flat. Program fees flat, primarily MaineCare reimbursement for transportation. Total Support Revenue decreased about 190,000 over last year. Program efficiency - % of expenditures allocated to programs. Well above benchmark of 80%. Also, do compliance audits on federal and state expenditures. Looked at Weatherization, CSBG and DOT Rural Transportation. No issues of non-compliance on state or federal audits. As part of Map audit, looked at controls, no material weaknesses. Discuss a variety of things with Finance staff during audit, no red flags. Commend Kevin and his staff. Offered a few opportunities for improvement and efficiencies.</p> <p>Notes for combined entity for 2018. Will need some supplemental info to show what came from two organizations. Also, financial statements as we know them are changing. Restricted cash category changing, will have to disclose liquidity, enhanced footnotes. Biggest change in non-profit financial reporting in 18 years, though we will be going out to bid, Eric will work with FY 17 statements and rework them with us to prepare for FY 18, so that we can have comparative financials. 990 is in draft form, final will be presented in a week or so.</p> <p>5:35 moved to go into executive session Ruth moved, Becky seconded, motion passed. 5:42 moved to come out of session: Martha, seconded John, approved</p>		
<p>2. Supportive Services Presentation – Ida Davis – not present, family emergency</p> <p>3. Introduce Hook Wheeler, our new HR Director, to the board</p>		
III. Items for Board Action		
<p>1. Approval of Meeting Minutes from 6/26/18 Discussion: None Action: Martha made the motion to approve the minutes Becky seconded. Motion passed.</p> <p>2. Resolved, to accept the FY 2017 audit for WHCA Discussion: None Action: Becky made the motion to approve, Ruth seconded. Motion passed.</p>		

3. Resolved, to approve the new Childcare rates.

Discussion: Melissa handed out new rates, Mark intended to send to board ahead of meeting, didn't happen. In packet are current rates, generally reflect market rates. State did a market study, came out with new rates as of July 1, didn't tell us until June 28. We like to give parents about 8 weeks' notice.

Melissa is proposing a few things – change in sliding fee scale rates for people who don't qualify for any subsidies. Used to be 7.5% reduction from high to mid, then 15 % reduction from mid to low. Change to 10 and 20%. Also, recommend that we increase employee subsidy to 20%.

We offer a disincentive to part time families to encourage full time enrollment.

These would go into effect October 1.

If we do not charge the market rate, the state will not pay us the market rate, they pay the lower of our rates or market rate.

Subsidized parents still contribute to the cost of childcare, with the exception of Aspire parents, who do not have a copay.

Reimbursement rates never cover full cost of service.

State raised percentage reimbursement from 50% to 75%.

Working with allocations to decrease deficit, these increased rates will help decrease deficit further.

Don't anticipate losing parents because our rates are lower than the rest of the market.

We only raise rates when state does market study.

Question: What is the approval process with the regional office for the new allocation policy? Penquis provided us with their template of how they design the weighting process. Submit the budget for every contract, using methodology. If it is approved, then it is fine. Remain consistent, justify rationalization.

How can we change methodology mid-contract? As long as we can substantiate the rationalization, not asked for preauthorization. At contract renewal, show methodology if asked for. As long as you can demonstrate methodology, not a problem. Confident in this, Penquis uses this method; it is approved in their contract. Actually designed by Jen Trowbridge when she worked at Penquis. Doesn't change the amount of the Head Start contract,

just how we allocate expenditures.

Action: Becky made the motion to approve, Charles seconded. Motion passed.

4. Resolved, to authorize the Executive Director to enter into negotiations with Machias Savings Bank for the financing of improvements at 2 Maple Street in Milbridge as proposed in the rate sheet dated July 18, 2018 and provided to DCP as part of the competitive process.

Discussion: Did go out to bid, invited 5 different banks, got two proposals. Gentleman from Bar Harbor Bank and Trust was ill, so that one was not complete. Bangor asked for extra time but I had already received Machias's so I did not grant the request. Essentially got one proposal that addresses everything. 20 years, first five years at 5.44%, renegotiated every five years, Maine Housing does not allow you to use the new property for Collateral on loan. May be able to use it as a second. So using 248 Bucksport road as primary collateral, leaves us needing about \$68,000 additional Asking to enter into a loan now, work on closing the gap when we close on the permanent financing. Several possible sources for gap – raise funds, board has about 60-70 thousand in board discretionary fund, can use that directly or as collateral. Friendship Cottage and Free Street are paid off. Could be used to secure the loan. Don't believe we need to make decision until construction is complete and we convert to permanent financing.

Action: Ruth made the motion to approve, Ron seconded. Motion passed.

IV. Reports and Presentations

1. Development Committee Report –Ruth Sousa A little sparse at meeting on the phone. Minutes are in packet. Talked about SEED, footwork is winding down. No grants out or waiting. Joe talked about At Home Fundraising dinner and Flash in the Pans. Lot of talk about links on the Facebook page. Go find it! Couple of nice pieces on TV, Mark made a comment that at a meeting he was at, learned that 81% of viewing population watched one station's 6 o'clock news in Aroostook County.
2. Friendship Cottage 10th Anniversary Report – Barbara Clark, read by Betsy Friendship Cottage received a new sign, landscaping, and a thorough spruce up for the party held July 12. Eighty attended the event. Client who lives next door and her partner entertained people in their side yard, as she is physically unable to attend the party. Gerry Bryan rejoined Advisory Council.
3. Strategic Plan Update – Committee Members We are making rapid progress. Decision made by committee to really focus on reaching out to clients. Jenny will be telephoning 46 people, across the spectrum of programs. Everyone interviewed gets a \$25 gift card. Sarah Nugent working with Sarah Strickland and Deb Burwell to set up interviews and focus groups with partners. Hoping to hold a world café on October 17 or 18. Hope for 100 % participation from the board. Open to input on location. Sarah Strickland meeting with Betsy and all the town managers on the 17th of August in Lubec.

4. Executive Directors Report - Mark Green Laid out foundation for Milbridge project, getting ready to pour it. Michelle is working to bring governance committee together on Thursday at 5:30. Getting ready for elections and attendance. Several members will likely step down at the end of their terms, leaving openings. Healthy Acadia received a grant that will allow organizations like ours to have recovery coaches. Ida and Mark will go to training. Likely to come back in August to ask for permission to move forward with this. Mark attended meeting in Augusta today on Maternal and Child Health contract. Fulltime nurse in Hancock, 1.5 nurses in Washington County. Also have Nurse Bridging. Division in a bit of disarray past few years, but coming together well now. Extended contract through December of 2020. Also looking at Bridging, first time it has arisen in a meeting when we did not bring up. May be able to move back into that. Re Merger, signs are going up, phone system is one, and we are close on a web page. (Mark - Send Betsy the extension list.)
5. Finance Directors Report – Kevin Bean talked about recomputation of payroll costs for ECE to reflect a change in the allocation methods for staff dropped deficit from 77,000 to 70,000. More than half of that comes from last year’s Head Start shortfall of 50,000. Two endowments from childcare side covers this. Should be able to reduce it by \$35,000. Only two more month of the year, expected to see more for what we put away for temporarily restricted revenues. Might be able to put crisis funds toward Elder Services deficit.

Contract revisions going through this time of year. CSBG revision already approved. They provided an additional \$10,000. \$8,500 for next year, too. Portion of CSBG we did not spend on Nursing has been shifted to elder services. This covers Anne, Kara and Hannah’s time to the end of the year, we should be able to see a decrease in their deficit, and spend out CSBG contract. Already spending on that.

Agency wide revenue and expenses under budget – 5% for revenue, 4% for expenses. Lower than expected SEED revenue hope it will pick up now. But also housing. Work in progress higher than it has been in years. Hope to get that to about 70,000, get projects closed and bill Maine Housing. Should see that affect the two lines.

FC \$60,000 deficit, \$71,000 surplus for Transportation, close to last year.

6. Head Start Director’s Report – Melissa Mattes Nothing more to elaborate, happy with federal review, taking applications now for the fall, doing one more round of acceptance. No site is full, some sites a bit below where preferred, meeting with Mark tomorrow to talk about marketing.
7. Chair’s Report – Betsy Fitzgerald Becky met up with someone who is settling an estate that includes a building in Machiasport. Relatively new and in very good shape. He operated it as a non-profit, Board has to dispose of property by giving it or proceeds of the sale of it to a non-profit. Lovely building, white trim. Was a hospice training, 5 miles from Machias, on a paved road.

Downeast Community Partners (DCP)
 Meeting of the Boards of Directors, July 31, 2018

Becky and Betsy have indicated to board member that DCP might have some interest. Betsy and Mark have been to see it, taking some board members to see the building, maybe on a Saturday. Let's think ahead. There is a possibility for us having this building, and is it a possibility for adult day service. Only drawback now is that it only has one bathroom, would need more to be adult day service. 42 acres of land included. Not waterfront land, goes back to Kennebec Road. Building has been well maintained, always heated.

Adult day service piece is so urgent, people willing to drive great distances to come to a facility.

Need to consider financials of anything we propose to do with the building.

Conveys with furnishings.

What is the time frame for staff to look at feasibility of a Friendship Cottage style project in Machiasport? Do we need outside help?

Have the staff to put the plan together but have to look at where clients would come from. Might need to subsidize it for a period of time. Thought that smaller centers might be better with 5-7 participants and smaller staff, rather than the way we are doing Friendship Cottage.

If we couldn't do Adult Day, we could sell Machias office and move programs over there, but that doesn't help us put together a real plan for the donor now.

Is there a possibility of recruiting a sustaining donor?

8. Development and Community Services Grant Report
9. Minutes of Parent Policy Council for 7/18/2018
10. CFO 990 Kevin – Stacy put together some things to highlight. Essentially just another tax form. Reviewing it before submittal. Does not require a yea/nay vote, as it is the same information that was in the audit. She does have to make a change to the mission on Schedule O, touched on funding from Penquis CAP; that was not the case for this year; that will be removed. Kevin has copies of 990 and audit for everyone.

V. Business meeting adjourned at 7:05 pm		Becky made the motion to adjourn.
Respectfully submitted, Sarah Nugent, Development Assistant		