

Downeast Community Partners (DCP)
Meeting of the Board of Directors, June 30, 2020

Called to Order: 5:00 PM	Via Zoom	
Roll Call and introductions		
Roll call: Ruth Sousa, Ron King, Martha Beathem, Dorthea Crowley, Betsy Fitzgerald, John Harris, Jonathan Thomas, Lisa Veazie, Lori Schnieders, Charlie Harrington, Barbara Clark, Walter Kumiega, Elaine Abbott, Grant Lee ,Quorum present Staff Present: Mark Green, Kevin Bean, Melissa Mattes, Anne Ossanna, Rose Honders, Stacy Brown, Sarah Nugent Guests: Steve LeClair		
Presentations		
<p>1. Presentation of the 18/19 Audit – Steve LeClair</p> <p>Went extremely well. A couple of areas still finishing, will be done next week. Second year of merged organizations, first year was tough. This year went smoother, though COVID disrupted the completion of the audit process. Met with Finance committee last week, did a thorough review of the graphs we will walk through to summarize the changes between FY 18 and FY 19. Reviewed the two board letters. Really, no issues to be raised to the board, as far as anything serious related to control problems, weaknesses. Just a few comments, which I went over with the committee.</p> <p>Finished the process in June, given a clean opinion on the financial statements, based upon trial balance and general ledger, no adjustments. As we looked back, there was one adjustment that we came up with in FY 18. Staff did a great job, which means that you, as a board, can rely on the monthly reports you get as being adequate.</p> <p>Review balance sheet – assets, liabilities, net assets. No significant changes year to year.</p> <p>Three largest changes were cash, up \$448,000 over prior year. Generated \$380,000 from operations. Investments were down a little bit because there was more cash in those accounts, which is included in cash, not investments.</p> <p>New construction loans came in, increased cash, offset by purchases related to Housing.</p> <p>AR down \$593,000 mostly related to transportation and other state programs, a timing issue.</p> <p>Property and equipment up \$291,000 because we increased the value of those assets by \$574,000, mostly related to Milbridge, net depreciation of \$283,000.</p> <p>Investments, other than the shift in cash were pretty consistent.</p> <p>Liabilities:</p>		

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Increased about 9% or \$240,000. Biggest change is debt, from \$908,000 up to 1.8 million, caused by the Milbridge renovation. Paid off prior year line of credit, \$200,000, plus \$259,000 in principal paid on debt.

Deferred forgivable loans decreased \$203,000 - offset of receivable on asset page, current year forgiveness.

Payables and Accrued benefits each increased \$55,000.

Deferred revenue – change relates to timing of grants, increased about \$69,000 in total,

About a 9% jump in liabilities.

Net Assets: Net Assets are what is left after subtracting Liabilities from Assets.

Change is about \$81,000 loss. Looking at total revenue of \$11,000,000 this is insignificant in the auditor's eyes. Especially when non-cash depreciation is a couple hundred thousand dollars.

Net Assets are just under 6.5 million dollars.

Broken into 4 categories.

- Unrestricted is now called Net assets without donor restrictions,
- Board designated
- Temporary restrictions
- Permanent restrictions.

Depreciation flows through unrestricted category, most of the surplus/deficit will show up in unrestricted.

Temporary restrictions, increased about \$65,000 over previous year

Permanent restricted is endowments – 1.5 million from actual donors, and 458,000 in revolving loan funds.

Current ratio – looks at liabilities due in 12 months. Want the ratio to be at least 1, ours is 1.5. Banks like to see minimum of 1.2

Income statement – summarized at a higher level for review purposes, detail is in financial statements.

Revenues up \$41,000 year to year. Most are from grants and fees, up 3%.

Contributions were up \$34,000

Investment income down by \$148,000, mostly due to the market, we compare 9/30/18 to 9/30/19.

In-kind up - primarily related to ECE, it increased \$63,000 this year.

Change in classifying school revenue – now in grants and fees, part of the reason why that increased, and why the “all other revenue” decreased.

Expenses follow the revenue, up about 3% or \$284,000

Broken out by category – largest cost is payroll. 57% of total expenses, contract services makes up 8% of expenses, mainly housing and energy. Occupancy costs increased, mainly in ECE.

Direct client assistance was consistent, vehicle costs consistent, materials and supplies down 13%.

All other – down about 8%.

Operating Statistics:

Operating costs less in-kind divided by unrestricted equals the number of days of operating expenses covered by unrestricted net assets.

Minimum look for is 30 days, we are in good shape at 44 days, most caps are lower here, range from 0-70 days.

Expenses by function – required to break out by function – program, management and general, and fund raising. Broke out to two categories we consistently report on. Kevin has been working on how to break out development/fundraising . Pretty consistent for CAP. 87-95% program. We are at 93.8% on direct program services. A little drop in admin %, right in line with where it should be. Higher program percentage than other caps, which is good.

We are fortunate to have many, many programs, can spread costs around more, which makes a difference.

2. Strategic Plan Quarterly Report – Mark Green

This report was due to you in March, COVID happened, so what I have been doing is to continue it, just highlighted changes, and I don't think it would be a good use of the board's time to go through each one, but highlight some of what we have accomplished. We are using the strategic plan, used it to do all the budgets, we all use it in our work.

Board's job is to provide policy guidance, we consider this that guidance.

Everything yellow is new since the last time.

Page 2 Tiny House, been challenging, COVID shut down the school where it is being built, staff couldn't even get in to touch the house until recently, but staff and volunteers are working on it now. It will be delivered to Milbridge on July 28. A lot of finish work, but we will coordinate it up here. The veteran will be in it this summer.

Page three – COVID shut down home repair partnership with the Maine Seacoast Mission, can't get volunteers. Just using contractors. Working with a group over on MDI looking to create a similar project. Mission and DCP working with this group.

Page 4 strategy A23 – update on FFD, developed home visiting option close to final approval, operate an additional night per week this fall.

A 27 bottom of the page, one of the CSBG COVID budget, work to expand elder services. Almost \$100,000 there, Anne, Rose, and Stacy are working on that, will bring it to board when there is a plan.

Page 6/10 update on recovery home in Machias – putting carpet in yesterday and today; interior renovations about 98% done. Still need appliances, and exterior renovations. Working to hire house manager, had one lined up, but she has moved on. Hoping to open in next couple of months, as soon as we get a house manager. Have to get MARR (Maine Association of Recovery Residences) certified, scheduled for July 16. With luck on personnel, open by first of September.

Page 7 – customer research – this spring we put together surveys with CSBG funded gift cards, send survey, agency info, and self addressed stamped envelopes, Stacy is using it to inform our needs assessment.

Page 8-12, strategy D3, board training, just did CAP Law training on board governance, Martha, Charles, and Grant attended. Might be one good thing about all the zooming - it is easier to attend this kind of training.

D-16, the compensation plan, done and fully implemented, market rate increases happened at the end of May, general increase with payroll that started Sunday, June 28. Will need to do further market adjustments as we have funding, some positions are still well below market.. Thank you to the board for supporting that.

Strategy D22 - leadership training with 22 members of senior management,

all div directors, finance, plus next step down from directors, Dale, others in similar positions. Did at least 8 sessions with trainer Hook knew from JAX lab

Now have separated into three working groups, will meet again in September. Then bringing in the next group of managers to start in the fall.

The consultant has done a great job; this is the best leadership training I have ever attended.

D26, Customer satisfaction – surveys again, also put funding in to implement Empower, to keep it from being bumped down the road. Only fully implemented in part of the supportive services, housing, etc.

D-27 – filled Sue’s position in Sarah’s office, done a lot in that division to start improving the word on the street, quality of our publications, grant writing and coordination of activities.

E 6 – working with other groups regionally. MCAA has been long thinking about hiring a full time ED – did that in January, renamed it MECAP, more consistent nationally. Already think new ED Megan Hannan has been instrumental in bringing us together on 4 different projects – Contact tracing – social supports for positive cases in two counties. Might provide housing, food, etc. Also, rent support program brought to the CAPS, working on improving outcomes for youth, we will join with ACAP and Penquis, anticipate Whole Family RFP in August which we hope to participate in state wide response.

Please take time to look it over, a lot more there.

3. Presentation of Annual Report – Sarah Nugent
Emailed a pdf of the report, please pay special attention to the story about the whole family approach. Megan did the interview and wrote the story.

Ron will check on numbers for Everybody Eats and check in tomorrow morning, thinks it might be low.

III Items for Board Action

1. Resolved to approve the Board Meeting Minutes from 5/26/20
Discussion: Jonathan noticed, note that it was a meeting by ZOOM
Action: Ruth made the motion to approve the minutes as amended, Martha seconded. **Motion passed.**
2. Resolved, to approve the Executive Committee minutes of 6/16/20
Discussion: None

Action: Dortha made the motion to approve the minutes, **Lori** seconded. **Motion passed.**

3. Resolved, to enter into Executive Session to confer with the Auditor regarding the FY 18/19 audit.

Discussion: None

Action: Dortha made the motion to go to executive session at 5:40, **Walter** seconded. **Motion passed.**

Action: Dortha made the motion to leave executive session at 5:45, **Martha** seconded. **Motion passed**

4. Resolved, to accept the Audit and Form 990 for fiscal year 18/19.
Discussion: Audit has been covered, 990 not yet compiled, next phase.
Action: Walter made the motion to approve the Audit, **Ron** seconded. **Motion passed.**

5. Resolved, to recommend to the Washington County Commissioners the appointment of Wayne Hanscom to the DCP Board of Directors as a government sector member.

Discussion: Wayne is a retired fire chief from Roque Bluffs, lived there all his life, very well-known and well involved in this area.

Action: Elaine made the motion to make the recommendation, **Walter** seconded. **Motion passed.**

6. Resolved, to approval the CSBG budget for the period of 10/20-9/21 in the amount of \$383,652.92.

Discussion: Stacy outlined budget similar to last year, family advocate and development, pays Sarah and Megan's salaries. Put a little extra for Empower person, Aging in Place, FC and AH, Financial literacy. We are getting a bit more this year, used this to fund Blanche, and a tiny bit in HHG to maintain loans. One new initiative, \$9,000 for community garden in Machias area, we want to find a spot where all produce can be donated to local food pantries and other food security issues.

Question: what was the process like, did program directors come in and make the ask?

We do ask Directors for their new initiatives, and Senior management sets the ones that depend on it – Development, Supportive services. But asking the directors for new initiatives is how we came up with the community garden idea.

Action: Dortha made the motion to approve the budget, **Ruth** seconded. **Motion passed.**

IV Reports

1. Executive Directors Report– Mark Green

I would like to have Stacy take a few minutes ... three CSBG budgets have gone forward, not able to get it all to the full board due to timing. We work to try to target CSBG spending to the Strategic plan. Problem with COVID response food cards, Stacy will talk about it all.

When COVID first came around, there was additional funding for 2020, we were told it was for COVID response. We did some research, and targeted food security. With preapproval from contract officer, we distributed thousands of dollars in restricted food cards.

Then came a second round of COVID funding to be spent dates between 1/20/20-9/30/22 That budget will include servers, IT infrastructure, expansion of Elder services programs, Expansion of Whole Family Coaches programming, additional staffing on EmpowOR project, and Transportation for non-medical.

At this point we heard from the Division of Audits that the food cards were not allowable. We were able to identify other unrestricted COVID funding to cover the gift cards that we had already distributed (about \$44,000). And we found other ways to spend the money allocated to us to combat COVID. We increased the amounts allocated to other programs affected by COVID and discontinued the distribution of gift cards.

Third budget was approved tonight.

2. Development Committee Report – Barbara Clark

Met Megan Garton, who took part in the meeting, she also went to FC today which was nice. She has interesting background, excited about job.

Received 2,000 from Machias Savings Bank and 3,000 from United Way for COVID. Big event was \$15,000 to elder services from BHBT. Had check presented a couple of weeks ago at Friendship Cottage

SEED has a different timetable this year, taking various forms based on how towns are having meetings. Some are in parking lots, some are referendums, Sarah and staff are working with them to come up with a way to work with them in each way.

Megan came up with an idea to ask for THAW funding through oil dealers. She and Sarah will be working out how that can work.

Slowed FC donations. Raffle will still happen, there will be a BBQ that day, client will draw the winner.

Some of you have tickets outstanding, please do sell the ones you have, and more if you like, have to turn them in by July 10.

Ron gave a good report on EE and packaging, good shepherd food, and shelf stable milk.

3. Finance Directors Report – Kevin Bean

This past month was a good month for us, PPP worked some wonders for us. Cash is still high at 2.6 million, AR good for May, down \$125,000. Pretty good low level of \$816,000. Surplus, did a big a turn around, carrying \$97,000

Trans – \$51,000 surplus, ECE \$59,000 surplus. Those will be changing. As Stacy talked about food cards, We don't want to show too much of a surplus because of PPP, expect more increases, what I plan on doing is shifting some of those revenues to other cost center. Can't charge IDC on PPP funds, using COVID funds for that, as it is COVID related, If I can reallocate to cover the food cards, transferring revenue from Child Care, Transportation, elder services, to cover IDC, it's the cleanest way to handle and supported by the auditor. FC deficit \$26,000 decrease of \$19,000. \$35,000 gain in investments.

PPP – I anticipate about 6-8 hundred thousand available for the rest of the summer, has been adjusted by feds, can use through the end of August for trans, child care, elder services, frees up CSBG COVID funds.

Question: Are we making headway in recovering the loss in the investment from last year?

Yes, but small headway, \$13,000 over last year. But what we are doing is recouping what we lost earlier this year, working to recover from last year.

Question: Questions concerning end of report where portfolio is listed – does bank have total control over portfolio or who makes decisions Particular thing I want to know is on page 5 it mentions that one of the companies is Wells Fargo Bank , mentions page 9 that there was an additional purchase of more Wells Fargo shares. Don't know much about many companies, but this one has become well known or notorious for its actions. Who controls investments?

Answer: Bank follows fossil free policy that we have enacted. Ron has requested that we look into a more socially responsible process for these investments. Are heading in that direction, but dealing with COVID has slowed us down. I do plan to have this done by the end of the summer.

Comment: I believe that Wells Fargo would not be considered socially responsible.

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4. Head Start Director's Report – Melissa Mattes
You got my report, don't have anything to add to it. As I mentioned a couple of schools may not have space for us, currently in discussions with them. Superintendent is very transparent and communicating, COVID is hitting towns hard, \$\$ and space-wise in school. Working on new 5-year grant, setting new goals. Love to have interested board members participate in small committee to provide input. Grant Due on September 1.
5. Parent Policy Council Minutes from 6/17/2020 Minutes included in packet
6. President's Report – it is evaluation time – tomorrow you will get two evaluations, one for the ED, and one for the board. They are paper. You can either scan and email or mail back to Betsy. Please complete and return in the next few weeks. I will pull it together, I will talk to the exec committee, and the full board at July meeting.

July 28 meeting would be wonderful if it could be in person – outside, around picnic tables.

**Business meeting adjourned at
6:35 pm**

Lori made the motion to adjourn. **Walter** seconded

Respectfully submitted, Sarah Nugent, Manager Communications and Resource Development