

North Metro Community Services Board Minutes

For the meeting held on

October 26 2017

Bill Hawthorne called the meeting to order at approximately 6:00 PM. He said he would entertain a motion to approve the minutes of the September 28, 2017 meeting, approve the agenda for the October meeting and to excuse Dr. Ed Bertagnolli, Mona Valdez, Paul Yantorno, Judy Stevens, Matt Drumm, and John Coates (all other board members were present). Edie made the motion, which was seconded by Dr. Taylor and passed unanimously.

2016/2017 Audit Report

Bill Hawthorne introduced Jill Korenek from JDS Professional Group. Jill began her presentation by covering the required communication. These included finding no errors or fraud, no issues with noncompliance with laws and regulations, or no significant or unusual transactions noted in the financial statements. Overall the audit went smoothly and JDS Professionals had full cooperation from management.

They did a review of internal control procedures, and did not find any significant areas that they would recommend we change. They did not identify any deficiencies in internal control that they would consider to be material weaknesses.

Jill then moved on to NMCS performance review. The first topic she covered was Program Efficiency. For every dollar that North Metro expends \$.94 goes to programs which is \$.06 more than the average of similar sized nonprofit entities. She then went on to discuss our liabilities and our assets. We currently have approximately 16.4 million dollars in total assets, which is about a 2% increase from last year. We have approximately 2.3 million in total liabilities and our accrued expenses are down from last year. North Metro has 109 days cash reserve which is an increase from 97 days cash reserve that we've maintained for the last two years. We have 14 million dollars in unrestricted net assets, 3.3 million of which is in property and equipment and 10.7 million undesignated assets.

Dr. Taylor made a motion to accept the 2016/2017 audit report. Edie Wallace seconded the motion and it passed unanimously.

Finance Committee Report:

September 2017

Statement of Activities

In the month of September 2017 a net loss of \$66,853 was recorded. This net loss is \$33,000 less than what was budgeted for the month. The loss in September was budgeted for and anticipated. The largest quarterly expense is related to the accrual of the employer's 401K contribution. This expense was \$81,790 and impacts all program areas in the month of September. The month of September had only

15 work days which has the biggest revenue impact in Resource Coordination and Day Program. The cost of the paid Labor Day holiday is recognized in all areas of the company as well. Year to date net revenue is \$199,174 and is \$47,000 ahead of budget for the year.

Most program areas were near budget for the month of September. The Resource Coordination department recorded a larger loss than what was budgeted for the month. This is largely a result of payroll accruals during the month. It is encouraging that the RC department was on budget for Revenue in the month of September. The Day Program areas recorded the single largest loss in the month at \$84,556. Having only 15 days to provide day services in September is the most significant factor in the loss. We continue to incur large losses in Employment and Brighton Day areas. The Vocational program showed a small gain for the month but was slightly under budget. Our internal and external enclaves both earned small net revenues in the month of September. The Residential and the Supported Living Service departments both performed above budget for the month. A roof top unit was replaced in September at a cost of \$13,742 and is expensed under Administration. An additional \$24,092 was expensed for replacement computers and other network upgrades in September as well.

Statement of Financial Position

As of September 30th our cash and equivalents balance is \$9,221,473. This reflects an increase of \$615,778 from the end of August 2017. Overall accounts receivable decreased over half a million dollars. Our Medicaid receivables for our waiver programs and targeted case management have both reduced from August. Our State receivable is \$1,074,989 and is open for 90 days as of the end of September. We collected a Mill Levy payment as well in September which helped decrease our overall receivables. Current liabilities have a balance of \$2,331,310 which reflects a small decrease from the prior month. The first quarter liability for Employer Contribution to the 401K is recorded in the liability section for a total of \$81,790.

Capital Update

There were no additional capital expenditures in September. The 8 new vans were delivered and paid for in the month October. The total cost of these vehicles is \$338,112 and will be reflected in the October financial statements.

Dr. Taylor made a motion to accept the September Finance Committee report. Edie Wallace seconded the motion and it passed unanimously.

New Business

Appointing a new HRC member

Randy put forth a resolution to appoint Kathy Switzer, a parent of one of the individuals who attends NMCS's day program. Kathy will bring to HRC the perspective of a parent, which has long been missing on HRC.

Edie Wallace moved that the board accept the resolution appointing Kathy Switzer to HRC. The motion was seconded by Dr. Taylor and passed unanimously.

Executive Committee Report:

Randy will cover the Executive Committee report in his director's report.

Executive Directors Report:

EI Situation

Randy touched on the EI situation in regards to our willingness to subsidize that program. There are two main issues with this and those are funding and that the contract is requiring all EI providers to be Medicaid providers. This is a big problem in rural areas because there are no Medicaid providers or the Medicaid providers they do have are all in hospital or clinic settings and EI services are supposed to be provided in a community and natural setting. Because of this they can't meet the requirements. Not all EI services are delivered to Medicaid eligible individuals, so why is it that someone who isn't eligible for Medicaid must see a Medicaid provider? We're working with the state on this and the state is showing some flexibility with some of the rural areas. The Medicaid provider issue isn't a huge issue for NMCS because we have so many Medicaid providers available in the Metro area. Our issue is the funding. The state is saying that they are going in for supplemental funding and are hoping to come up with the money to make the program whole.

2018 Legislative Priorities

Our top priority from Alliance is rates. Rumor is that the governor is going to propose a 1% Medicaid rate increase this year which isn't much, but two years he proposed a cut and last year there wasn't a cut or an increase so it's a step in the right direction. This increase is for all Medicaid providers, not just IDD providers so Alliance will be campaigning for additional funding for us. One of the angles Alliance may take this year is getting increases that are directly tied to the Direct Support Staff's salaries. With that you have to be able to account for those dollars and make sure it is in fact going towards salary increases. If we were to receive a 3% increase 2.5% of that would go directly to salary increases anyways. The issue that arises is that it's really tied to the Direct Support Staff so then you have your team leaders and program coordinators who are not considered direct support staff so we would not be getting any money for them.

Alliance also has a subcommittee working on recommendations for how the state could make it easier for us to serve people in the community who are currently served in one of the State Regional Centers. This work is driven by the fact that the Governor's budget includes a request to spend \$6 million to build four new group homes to serve people currently living at the Grand Junction Regional Center. We believe those people could be served more efficiently in the community if the State was to make some changes to current regulations and provide some additional medical and psychiatric supports.

JTC Hearing

Randy briefly mentioned the Joint Technology Committee hearing that was held at the beginning of October. Some members of Alliance spoke at the hearing as well as a few other individuals because there are still many issues with the new revalidation system especially with small providers.

Public Comment

There were no audience members present at the meeting.

Adjournment

Doug Shepherd made a motion to adjourn the meeting which was seconded by Edie Wallace and passed unanimously.

*The next Board Meeting will be held December 7th, 2017.