

NEW HORIZONS
FINANCE COMMITTEE MEETING

September 14, 2016

4:30 PM

PRESENT: **Finance Committee:** Stuart Jaffe (Chair), Glenn Baker, John D. Bunzel, Larry Diamond, Alan Goodstein, Barry Krowne, Ken Miles.
Staff: Cynthia Sewell, Roschell Ashley, Greg Santilli, Ron Silverman, Michelle Veals.

ABSENT: Colin Donahue.

1. **Call to Order** (Stuart Jaffe)

Committee Chairman Stuart Jaffe called the meeting to order at 4:34 PM.

2. **Review and Approval of August 24, 2016 Meeting Minutes** (Stuart Jaffe)

The minutes of the August 24, 2016 Finance Committee meeting were voted on and approved.

3. **Investment Subcommittee** (Alan Goodstein)

Investment Committee Chairman Alan Goodstein reported that he spoke with Boston Private investment consultant Tobi Mason. She will be attending the next Investment Subcommittee meeting on November 9, 2016 at 5:00 PM. The meeting will be at Alan Goodstein's office in Encino. Mr. Goodstein invited the Finance Committee to attend and informed Executive Assistant Michelle Veals that she may extend the invitation to all of the Board.

Mr. Goodstein further reported that Boston Private has switched to using TD Ameritrade. This will allow for better reporting.

As of August, investments were performing well. Fiscal year-to-date, investments are getting closer to the benchmark.

Director Glenn Baker asked if the schedule can be changed to move the cash additions/deposits to the first line. Greg will make this change.

ACTION ITEM

Executive Assistant Michelle Veals is to send an invitation to the Board for the November 9, 2016 Investment Subcommittee meeting.

4. **August 2016 Financial Statements** (Greg Santilli)

CFO Greg Santilli reviewed the August 2016 Financial Statements Summary Review and Talking Points. Regional Center revenue was favorable for the month, but has been unfavorable year-to-date. August and September will be slow for Café rentals, but will be offset in October.

a. **Financial Statements – Consolidated**

For the month of August, there was a consolidated net surplus of \$44K. Before depreciation the surplus is \$67K. The budget included a net deficit of \$17K, so the actual results are \$26K favorable to budget. On a year-to-date basis for July through August, there is a consolidated net surplus of \$77K. Before depreciation, the surplus is \$126K. The budget included a net deficit of \$51K, so the actual results are \$128K favorable to budget.

b. **Breakdown of Separate HUD entities and New Horizons**

Cash flow ran \$50K negative year-to-date (all entities combined). All entities generated positive cash flow with the exception of New Horizons and Travel Training, which generated negative cash flow.

c. **Analysis of Variances**

- Government funding is within \$40K of budget – unfavorable.
- Medi-Cal revenue – Month-to-date/year-to-date – the budget for CCF homes is overstated. One client in Group Home 46A was hospitalized for the whole month of July 2016.
- Workshop revenue ran unfavorable to budget by \$29K.
- Café revenue ran favorable to budget by \$2K.
- Year-to-date private revenue is \$67K unfavorable to budget due to \$59K unfavorable grant and \$12K special events revenue.
- Wage and Personnel Expenses are favorable to budget in the amount of \$257K.
- Staff vacancies existed in Work Services, Achievement Center, MMDP, Employment Services, Community Living Services, Residential, Development, Travel Training and Administration.

Mr. Santilli referred to an additional schedule that was emailed to the Finance Committee on Monday. He hopes to report next month that we received accrued revenue for the minimum wage increases that was set aside/budgeted for last year.

The MCO (Manage Care Organization) tax revenue has started coming in.

d. **Accounts Receivable Aging Report**

- Account receivables over 90 are up about \$13K. We expect all to be collectible. There may be minor A/R in Work Services that could be written off.
- All receivables are being pursued. Weekly meetings are being held each Thursday at 1:00 PM to discuss strategies for collections.
- Progress has been made on collections for the Balboa home. All paperwork has been completed and submitted on September 1. We had to change licensing for the home. We expect it to be 90 days until we receive the funds (approximately \$150K).
- We've found a buyer for the Design-A-Room Group inventory. It is a current Work Services customer who has a liquidation site. They will pay us \$55K (value of the inventory) or will place the inventory on their liquidation site. He is reviewing the merchandise.
- Philidor and West Wilshire pharmacy are out of business. We have not been able to contact them to collect. They will probably be written off.

5. **Operational Reports (Roschell Ashley)**

a. **Program Financial Drivers Report**

Work Services and Achievement Center

- Work Services average daily attendance (ADA) was 151. It was budgeted for 174. We have not been able to bring as many people into Work Services as planned. There is not enough staff to move consumers to Pathways. Some referrals were referred to Work Services, but they were unable to work, so they were instead moved to the Achievement Center. There were a lot of missed days in August due to vacations.

MMDP

- ADA was budgeted for 55, but the actual was 49. Still waiting on authorizations. Director Barry Krowne asked if there is enough staff doing recruiting. Chief Operating Officer Roschell Ashley said that it would be helpful to have more people out recruiting. Mr. Krowne stated that investing in someone with this capability may be worthwhile. President/CEO Cynthia Sewell said to add Chief Human Resources Officer Diane Thorsell to next month's agenda to discuss her strategy for recruiting.

CLS

- There were 12 consumers being served in ILS, not 11 as was reported. There are 27 consumers in SLS.

Residential

- There is a waiting list of individuals needing residential services. OT/DT are both up. In October, a new procedure will be in place to address the issues with OT and DT.

Employment Services

- The number of consumers enrolled in Pathways is up.

Sam's Café

- Under budget for August. October should be better. Every Saturday is booked. We are running holiday specials and the end of October to make up for the shortfalls in August and September.
- We have started delivering dinners to the San Fernando Valley Mental Health agency. We are able to employ 2 groups of consumers to transport and serve the food. Food will be served here and at their locations. We charge them \$10 per meal. Currently, there are 38 people being served. It was suggested that we look for other opportunities such as this one.

b. Work Services Update

Discussed above.

6. Financial Modeling

CFO Greg Santilli stated that the financial model will be flexible so that we are able to perform "what-if" analyses. Work is being done on compression and isolating upper level paid employees.

7. Properties Update

a. Reseda Ranch

The exterior inspection is completed. The interior of the home is still under construction. Completion of the home is projected for the end of the year.

Director Ken Miles asked if the property is secure. There is a fence, but as more valuable things are added, we may want to increase security. A staff member will move in when the property is livable. Our maintenance staff visits the property daily. COO Roschell Ashley visits weekly.

Committee Chairman Jaffe asked when the church lease is up. It ends in August 2017. They have caught up on all of their lease payments. They were having cash flow issues. It was suggested to review the terms of their lease with regards to late lease payments. Mr. Goodstein asked if they have a deposit. No, they do not.

b. Sam's Café Restrooms

Mr. Santilli reached out to Interior Designer Jennifer Casey who has done pro bono work for Reseda Ranch. She is reaching out to her suppliers for discounts. Staff member Holly Rasey has a contact at DalTile. We hope to get a discount or donated tile from them.

The head of Bobrick Washroom sent a representative. He had a tour and lunch. He authorized a full complement of washroom equipment for free.

We will be receiving neutral colored bathroom stalls that were surplus from a big project. We have also been offered excess mirrors from that project. We will have to look at them to decide if we can use them or want to purchase nicer mirrors. We were also able to purchase a slab of granite for both bathrooms for \$300. We received a \$25,000 grant from the National Charity League for the bathroom renovation. We have been quoted \$40,000-\$72,000 to complete the renovation. Staff will be utilized for the work as much as possible.

We are looking for flooring with no grout. Epoxy terrazzo flooring is the best, but very expensive. A contact in Fountain Valley gave a quote for polished concrete.

It was suggested to reach to the Board for other possible contacts.

8. **Personnel Subcommittee**

There is no litigation or other issues to report on.

9. **Adjournment (Stuart Jaffe)**

Finance Committee Chairman Stu Jaffe announced that he will not be at the next Finance Committee meeting as he will be travelling. A committee member will be asked to fill in.

There being no further business the meeting was adjourned at 5:55 PM.

Minutes submitted by: Michelle Veals, Executive Assistant