

# AGENDA

## BOARD OF DIRECTORS FINANCE AND FACILITIES COMMITTEE

September 26, 2022

11:30 AM – 12:30 PM



### **Zoom Meeting:**

<https://zoom.us/j/96161703345?pwd=RGJQc24xQTNuNDIiViNyOFdiOXNVdz09>

Meeting ID: 961 6170 3345

Passcode: 970677

- I. WELCOME
- II. APPROVAL OF MINUTES (August Meeting)
- III. INTRODUCTION OF NEW CFO – CHANTE BRADY
- IV. RECAP OF 2021 FINANCIAL PERFORMANCE
- V. AUGUST 2022 FINANCIALS
- VI. 2022 (SEPT – DEC) FINANCE PRIORITIES
- VII. OTHER BUSINESS

Next Meeting: **October 11<sup>th</sup> 5:30 – 7:00 pm**

**Everyone deserves to go home.**

**DRAFT**  
**BOARD OF DIRECTORS**  
**FINANCE AND FACILITIES COMMITTEE**  
**ZOOM MEETING**  
**August 23, 2022**



**PARTICIPANTS:** G. Watson, C. Thomaskutty, A. Foreman, C. King Arthur. Staff: K. Lindamood, A. Wells-Sims, L. Dooley, K. Feldt, L. Williams, T. Thomas, M. Mamman

**Meeting Call to Order by:** G. Watson, Chair

**I. APPROVAL OF JULY MINUTES:** The committee reviewed the July minutes. Follow-up Topics: None.  
**By unanimous vote, the July 20, 2022 minutes were approved by the committee.**

**II. JULY 2022 FINANCIALS** Angela Wells presented highlights:

**General Performance:**

HCH is experiencing a YTD net operating shortfall of (\$510k) which is an unfavorable variance to budget of (\$281k). This unfavorable variance is driven primarily by patient revenue.

**Revenue:**

- YTD revenue is unfavorable to budget by (\$1.253k) but \$803k favorable compared to YTD July 2021. Variance to budget is primarily driven by patient revenue.
- Patient Service Revenue – Net (PSR) is unfavorable to budget (\$914) YTD but \$304k above YTD July 2021.
  - Overall agency encounters (billable and non-billable) are 8.3% above YTD July 2021 but still 10% below 2019 pre-pandemic encounters YTD.
  - Continuing to stabilize AthenaOne EMR and processes.
  - Processes are continuing to be implemented within operations (including development of KPIs). Staffing levels do contribute to the capacity of available encounters.
- Grants unfavorable to budget (\$481K) YTD July but favorable to 2021 YTD by \$172K.
  - \$299K of this unfavourability is due to the BHA City grant. Approval was just recently received for the budget ending 6/30/22 so entries will be made for the first half of 2022 to move expenses and recognize revenue.
  - The balance is due to some staffing shortages and some changes in budgeted costs for HRSA H8F spending. A new budget is being developed for this grant to ensure closing the gap on spending this fiscal year.
- Other sources bounced back in July and are now favorable to budget by \$333K mainly due to Pharmacy Rebates.
- ACIS (supportive housing services pilot program) unfavorable to budget by (\$33k). Revenue accrued monthly based on previous experience, but final reconciliation done after quarterly reports are received, which could reverse this unfavorable variance.
- Contributions are unfavorable to budget \$158k. Slower start to the year than expected, driven by a handful of very large gifts that came in late Q1/early Q2 in 2021. A very good May and June on pledges (more so than in 2021), and improvement to budget reflected in June but slowing of contributions in July.

**Expenses:**

- Total operating expenses are \$972k favorable to budget YTD July. This is driven by favorability in Salaries & Benefits and Client Assistance, offset by unfavourability in Contracted Services, Building Operations and Pharmacy.
  - Salaries & Employee Benefits – Favorable to budget \$1,294,670
  - Client Assistance – Favorable to budget \$208K
  - Pharmacy - Unfavorable to budget (\$230K)
  - Contracted Services – Unfavorable to budget (\$181K)
- Building Operations – Unfavorable to budget (\$134K)

**Liquidity Management:**

All cash, including investments, equates to 163.01 DCOH. Operating cash on hand balances are 47.74 days.

Month	DCOH (w/invest)	Operating DCOH
Jan-22	174.6	55.5
Feb-22	160.1	44.4
Mar-22	165.1	45.3
Apr-22	151.8	31.5
May-22	142.4	30.7
Jun-22	161.84	55.3
Jul-22	163.01	47.74

The Finance and Facilities Committee reviewed and discussed the July 2022 Financials. **By unanimous vote, the July 2002 Financials were approved by the committee.**

**III. CFO/CMO SEARCH UPDATE** Kevin Lindamood reported:

- **CFO:** Two strong CFO candidates is being advanced to meet with the Executive team. Also, currently interviewing for Accounting Manager.
- **CMO:** Had two interviews this week – one of the candidates is being advanced to the Executive team next week.

More information will follow.

**Next Meeting: September 20, 2022**

## 2021 PERFORMANCE RECAP

	<u>Dec 20</u>	<u>Dec 21 YTD</u>	<u>Dec 21 YTD</u>	<u>Original to Adjusted</u>		<u>Dec 20 to Adj Dec 21</u>	
	<u>Final</u>	<u>Original</u>	<u>Adjusted</u>	<u>Var (\$)</u>	<u>Var (%)</u>	<u>Var (\$)</u>	<u>Var (%)</u>
Grants	\$ 14,485,407	\$ 12,435,034	\$ 13,304,912	\$ 869,878	7%	\$ (1,180,495)	-8%
Patient Services, Net <sup>1</sup>	\$ 7,947,586	\$ 6,434,674	\$ 5,229,155	\$ (1,205,519)	-19%	\$ (2,718,431)	-34%
Contributions	\$ 3,122,585	\$ 2,528,469	\$ 2,595,463	\$ 66,994	3%	\$ (527,122)	-17%
ACIS	\$ 889,845	\$ 1,062,114	\$ 1,062,114	\$ (0)	0%	\$ 172,268	19%
Other Sources	\$ 4,203,461	\$ 4,497,576	\$ 7,612,403	\$ 3,114,827	69%	\$ 3,408,942	81%
<b>Total Revenue</b>	<b>\$30,648,885</b>	<b>\$ 26,957,867</b>	<b>\$ 29,804,046</b>	<b>\$ 2,846,179</b>	<b>11%</b>	<b>\$ (844,839)</b>	<b>-3%</b>
Salaries	\$ 15,286,859	\$ 14,877,680	\$ 14,913,481	\$ 35,801	0%	\$ (373,378)	-2%
Employee Benefits	\$ 3,137,137	\$ 3,357,783	\$ 3,525,029	\$ 167,246	5%	\$ 387,892	12%
Contract Services	\$ 465,265	\$ 702,698	\$ 790,883	\$ 88,185	13%	\$ 325,618	70%
Office Supplies	\$ 197,838	\$ 138,724	\$ 127,314	\$ (11,410)	-8%	\$ (70,524)	-36%
Client Assistance	\$ 2,271,323	\$ 2,603,651	\$ 2,644,066	\$ 40,415	2%	\$ 372,743	16%
Pharmacy	\$ 1,552,433	\$ 2,214,301	\$ 2,209,149	\$ (5,152)	0%	\$ 656,716	42%
Medical Supplies	\$ 490,212	\$ 360,597	\$ 329,203	\$ (31,394)	-9%	\$ (161,009)	-33%
Business Operations	\$ 822,659	\$ 840,143	\$ 969,348	\$ 129,205	15%	\$ 146,690	18%
Staff Development	\$ 187,173	\$ 146,058	\$ 146,296	\$ 238	0%	\$ (40,877)	-22%
Building Operations	\$ 826,798	\$ 818,420	\$ 854,476	\$ 36,056	4%	\$ 27,679	3%
Utilities	\$ 361,887	\$ 390,030	\$ 460,306	\$ 70,276	18%	\$ 98,419	27%
Equipment	\$ 428,392	\$ 512,115	\$ 501,232	\$ (10,883)	-2%	\$ 72,839	17%
Fundraising Events	\$ 210,803	\$ 75,823	\$ 89,483	\$ 13,660	18%	\$ (121,320)	-58%
In-Kind Expense	\$ 139,854	\$ 37,097	\$ 93,059	\$ 55,962	151%	\$ (46,794)	-33%
Interest Expense	\$ -	\$ -	\$ -	\$ -	0%	\$ -	0%
Depreciation	\$ 507,657	\$ 487,396	\$ 487,277	\$ (119)	0%	\$ (20,380)	-4%
<b>Total Operating Expenses</b>	<b>\$26,886,289</b>	<b>\$ 27,562,516</b>	<b>\$ 28,140,603</b>	<b>\$ 578,087</b>	<b>2%</b>	<b>\$ 1,254,314</b>	<b>5%</b>
<b>Net Operating Surplus (Shortfall)</b>	<b>\$ 3,762,596</b>	<b>\$ (604,649)</b>	<b>\$ 1,663,443</b>	<b>\$ 2,268,092</b>	<b>375%</b>	<b>\$ (2,099,153)</b>	<b>-56%</b>
Unrealized Gain (Loss) Investment	\$ 841,473	\$ 593,670	\$ 692,682	\$ 99,012	17%	\$ (148,791)	-18%
<b>Net Surplus (Deficit)</b>	<b>\$ 4,604,069</b>	<b>\$ (10,979)</b>	<b>\$ 2,356,124</b>	<b>\$ 2,367,103</b>	<b>21560%</b>	<b>\$ (2,247,945)</b>	<b>-49%</b>

<sup>1</sup> Medicaid Advanced funding in 2020 booked as revenue instead of liability. Payback of \$798k booked in 2021, reducing revenue. If amount booked in 2020, total revenue variance from 2020 to 2021 would be close to zero.

## CHANGE IN CASH POSITION

- Cash (operating) balance declined \$4.3m from Dec 2020 to Dec 2021.
  - Cash for federal payroll protection program (PPP) was received in 2020 but revenue wasn't recognized until forgiven in 2021 - \$3.1m impact
  - Receivables increased \$2.9m in 2021
- Average daily expenses are continuing to increase in 2022 and further deterioration on days cash on hand (DCOH) is also being experienced.

<i>Change in Cash Balance (2020 - 2021)</i>	
	<u><i>\$(m)</i></u>
2020 Cash	\$ 10.0
Less: PPP Receipt	3.1
Adjusted 2020	\$ 6.9
2021 Op Surp/(Short)	1.7
(Incr)/Decr Receivable	(2.9)
2021 Cash Balance	<u>\$ 5.7</u>
\$ Change	\$ (4.3)
% Change	43.4%

<i>Days Cash on Hand Comparison</i>			
	<u>2020</u>	<u>2021</u>	<u>Aug 22</u>
Operating Expenses	\$ 26,886,289	\$ 28,140,603	\$ 19,157,792
Days	366	365	243
Avg Daily Expenses	\$ 73,460	\$ 77,098	\$ 78,839
Operating Cash	\$ 10,024,178	\$ 5,676,338	\$ 3,663,985
Operating DCOH	136.5	73.6	46.5
Investment Balance	\$ 9,256,877	\$ 13,312,891	\$ 8,656,120
Total DCOH	262.5	246.3	156.3

## **Health Care for the Homeless August 2022 Financial Results**

### **General Performance:**

- HCH is experiencing a YTD net operating shortfall of (\$927k) which is an unfavorable variance to budget of (\$566k). This unfavorable variance is driven primarily by patient revenue.
  - Performance position declined \$417k compared to YTD July. Driver of this include:
    - Pharmacy revenue: over statement of estimated pharmacy rebates of \$367k
    - Prior period expenses: late invoices (received after July for prior periods) account for \$146k

### **Revenue:**

- YTD revenue is unfavorable to budget by (\$1.4m) but \$1m favorable compared to YTD August 2021. Variance to budget is primarily driven by patient revenue.
- Patient Service Revenue – Net (PSR) is unfavorable to budget (\$1.1m) YTD and \$74k below YTD August 2021.
  - Overall agency encounters (billable and non-billable) are 17.3% (10,411) above YTD August 2021 but still 8.8% (6,837) below 2019 pre-pandemic encounters YTD.
    - YTD Aug 2019, average billable percentage was 38%. Assuming 38% average billable of 6,837 encounter difference, this would equate to roughly \$551k in additional revenue.
  - Continuing to stabilize AthenaOne EMR and processes.
  - Processes are continuing to be implemented within operations (including development of KPIs). Staffing levels do contribute to the capacity of available encounters.
- Grants unfavorable to budget (\$212k) YTD August but favorable to 2021 YTD by \$719k.
  - Staffing shortages account for a portion of the unfavourability; however, it is expected there is some opportunity to identify expenses currently in unfunded that could be support by approved grants. Finance team is continuing to work to further identify opportunity.
- Contributions are unfavorable to budget (\$160k) but \$11k above 2021.
- Other sources is unfavorable to budget by (\$37k) but \$297 above YTD 2021.
- ACIS (supportive housing services pilot program) is favorable to budget by \$93k. Billing through Q2 2022 was reconciled generating an additional \$131k in revenue for August.

### **Expenses:**

- Total operating expenses are \$822k favorable to budget YTD August. This is driven by favorability in Salaries & Benefits and Client Assistance, offset by unfavourability in Pharmacy, Contracted Services, and Building Operations.
  - Salaries & Employee Benefits – Favorable to budget \$1.5m
  - Client Assistance – Favorable to budget \$294k
  - Pharmacy - Unfavorable to budget (\$460k)
  - Contracted Services – Unfavorable to budget (\$304k)

- Building Operations – Unfavorable to budget (\$158k)

**Liquidity Management:**

- All cash, including investments, equates to 156.41 DCOH. Operating cash on hand balances are 46.61 days.

<b>Month</b>	<b>DCOH (w/invest)</b>	<b>Operating DCOH</b>
Jan-22	174.6	55.5
Feb-22	160.1	44.4
Mar-22	165.1	45.3
Apr-22	151.8	31.5
May-22	142.4	30.7
Jun-22	161.84	55.3
Jul-22	163.01	47.7
Aug-22	156.3	46.6

**Health Care for the Homeless**  
**Statement of Activities**  
**Aug-22**

	<u>Jun 22 YTD</u>	<u>Jul 22 YTD</u>	<u>Aug 22 YTD</u>	<u>Aug 22 YTD</u>			<u>Aug 21 YTD</u>		
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Bud Var (\$)</u>	<u>Bud Var (%)</u>	<u>PY Actual</u>	<u>PY Var (\$)</u>	<u>PY Var (%)</u>
Grants	\$6,727,194	\$7,452,663	\$8,881,968	\$ 9,093,979	\$ (212,011)	-2%	\$ 8,163,206	\$ 718,762	9%
Patient Services, Net	\$3,358,517	\$3,797,536	\$4,359,205	\$ 5,430,960	\$ (1,071,755)	-20%	\$ 4,433,294	\$ (74,090)	-2%
Contributions	\$1,042,080	\$1,175,195	\$1,299,052	\$ 1,458,721	\$ (159,669)	-11%	\$ 1,288,159	\$ 10,893	1%
ACIS	\$510,000	\$595,000	\$811,095	\$ 717,695	\$ 93,400	13%	\$ 722,114	\$ 88,981	12%
Other Sources	\$2,141,310	\$2,877,894	\$2,879,454	\$ 2,916,630	\$ (37,176)	-1%	\$ 2,582,313	\$ 297,141	12%
Developer Fees	-	-	-	\$ -	\$ -	0%	\$ -	\$ -	0%
<b>Total Revenue</b>	<b>\$ 13,779,100</b>	<b>\$ 15,898,288</b>	<b>\$ 18,230,774</b>	<b>\$ 19,617,985</b>	<b>\$ (1,387,211)</b>	<b>-7%</b>	<b>\$ 17,189,086</b>	<b>\$ 1,041,688</b>	<b>6%</b>
Salaries	\$ 7,674,789	\$ 8,601,493	\$ 9,921,879	\$ 10,829,247	\$ (907,367)	-8%	\$ 9,693,192	\$ 228,687	2%
Employee Benefits	\$ 1,717,272	\$ 1,974,900	\$ 2,254,690	\$ 2,834,365	\$ (579,675)	-20%	\$ 2,163,401	\$ 91,289	4%
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Contract Services	\$ 356,884	\$ 462,708	\$ 626,686	\$ 322,759	\$ 303,927	94%	\$ 378,919	\$ 247,767	65%
Office Supplies	\$ 91,441	\$ 103,038	\$ 109,120	\$ 108,122	\$ 998	1%	\$ 88,208	\$ 20,912	24%
Client Assistance	\$ 1,329,578	\$ 1,541,215	\$ 1,710,230	\$ 2,004,715	\$ (294,485)	-15%	\$ 1,826,864	\$ (116,634)	-6%
Pharmacy	\$ 1,323,064	\$ 1,378,685	\$ 1,776,059	\$ 1,316,527	\$ 459,532	35%	\$ 1,273,630	\$ 502,429	39%
Medical Supplies	\$ 248,933	\$ 267,941	\$ 295,663	\$ 227,022	\$ 68,641	30%	\$ 110,742	\$ 184,921	167%
Business Operations	\$ 443,265	\$ 556,558	\$ 696,401	\$ 631,586	\$ 64,815	10%	\$ 563,634	\$ 132,767	24%
Staff Development	\$ 137,641	\$ 138,694	\$ 176,559	\$ 103,578	\$ 72,981	70%	\$ 80,518	\$ 96,041	119%
Building Operations	\$ 480,524	\$ 598,136	\$ 690,102	\$ 532,097	\$ 158,005	30%	\$ 575,659	\$ 114,443	20%
Utilities	\$ 163,602	\$ 218,341	\$ 244,031	\$ 252,986	\$ (8,955)	-4%	\$ 245,457	\$ (1,426)	-1%
Equipment	\$ 218,574	\$ 247,544	\$ 294,313	\$ 326,896	\$ (32,583)	-10%	\$ 333,234	\$ (38,921)	-12%
Fundraising Events	\$ 34,871	\$ 34,215	\$ 37,174	\$ 107,519	\$ (70,345)	-65%	\$ 65,872	\$ (28,698)	-44%
In-Kind Expense	\$ 12,932	\$ 12,932	\$ 12,932	\$ -	\$ 12,932	0%	\$ 37,097	\$ (24,165)	-65%
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Depreciation	\$ 240,036	\$ 272,225	\$ 311,952	\$ 381,653	\$ (69,701)	-18%	\$ 323,815	\$ (11,863)	-4%
<b>Total Operating Expenses</b>	<b>\$ 14,473,408</b>	<b>\$ 16,408,625</b>	<b>\$ 19,157,792</b>	<b>\$ 19,979,072</b>	<b>\$ (821,280)</b>	<b>-4%</b>	<b>\$ 17,760,242</b>	<b>\$ 1,397,550</b>	<b>7.9%</b>
<b>Net Operating Surplus (Shortfall)</b>	<b>\$ (694,308)</b>	<b>\$ (510,336)</b>	<b>\$ (927,018)</b>	<b>\$ (361,087)</b>	<b>\$ (565,931)</b>	<b>157%</b>	<b>\$ (571,156)</b>	<b>\$ (355,862)</b>	<b>62%</b>
Unrealized Gain (Loss) Investments	\$ (1,374,035)	\$ (961,787)	\$ (1,234,476)	\$ -	\$ (1,234,476)		\$ 868,681	\$ (2,103,157)	-242%
<b>Net Surplus (Deficit)</b>	<b>\$ (2,068,342)</b>	<b>\$ (1,472,124)</b>	<b>\$ (2,161,494)</b>	<b>\$ (361,087)</b>	<b>\$ (1,800,407)</b>	<b>499%</b>	<b>\$ 297,525</b>	<b>\$ (2,459,019)</b>	<b>-826%</b>



## FINANCE PRIORITIES

Priority	Targeted Achievement	Expected Completion
2021 Audit	Meet required compliance requirements	Early October
Reconciliation & Collection of Receivables	Improve cash position and reduce receivables to \$4m or less	Reconciliation: late October Collection: ongoing through end of December
Capture of Grant Expenses (current unfunded expenses)	Minimize expense gaps on grants with current underspending	Ongoing through end of December
2023 Operating & Capital Budget	Develop clear measurable assumption and targets based on reforecast of 2022 performance	Early December
2022 Balance Sheet Reconciliation	Clear picture of 2022 financial position and in position to timely complete 2022 audit	Mid December (performance through November)
Internal Control Evaluation	Restructure functional priorities (grants, patient billing, payables (payroll/AP) & reporting/compliance) and operational processes	Late October