

# AGENDA

## BOARD OF DIRECTORS FINANCE AND FACILITIES COMMITTEE

May 24, 2022

12:30 – 1:30 PM



### **Zoom Meeting:**

<https://us06web.zoom.us/j/96161703345?pwd=RGJQc24xQTNuNDliVINyOFdiOXNVdz09>

Meeting ID: 961 6170 3345

Passcode: 970677

- I. WELCOME
- II. APPROVAL OF MINUTES (Apr MEETING)
- III. REVIEW OF 2020 AUDIT
- IV. APRIL 2022 FINANCIALS
- V. CFO SEARCH UPDATE
- VI. ANNOUNCEMENTS

Next Meeting: **Tuesday, June 21<sup>st</sup> 5:30 – 6:30 pm**

**Everyone deserves to go home.**

**DRAFT**  
**BOARD OF DIRECTORS**  
**FINANCE AND FACILITIES COMMITTEE**  
**ZOOM MEETING**  
**April 19, 2022**



**PARTICIPANTS:** G. Watson, A. Foreman, C. Thomaskutty, C. Arthur. Staff: K.

Lindamood, T. Thomas, L. Dooley, A. Wells-Sims

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

- 
- I. **APPROVAL OF MINUTES:** The committee reviewed the March minutes. Follow-up Topics: None. **By unanimous vote, the March 21, 2022 minutes were approved by the committee.**
  
  - II. **ENDOWMENT POLICY:** The policy was reviewed by the committee – no changes – reviewed every three years. The purpose of the policy is to establish guidelines for the Endowment Fund’s investment portfolio. **By unanimous vote, the Endowment Policy was approved and will be presented to the full board.**
  
  - III. **INVESTMENT COMMITTEE UPDATE:** George Watson reported a recommendation from the investment committee regarding account structuring as it pertains to the accounts at Brown Advisory. Brown Advisory presented a proposal to change the two different accounts and roll them into one account so that the agency can more effectively asset allocate, and fee allocate. Kevin forwarded the proposal to the F&F committee. There will be no action on alternative investment at this point - the Investment Committee will discuss further. **By unanimous vote, the proposal was approved which includes rolling the two different accounts into one account and will be presented to the full board.**
  
  - IV. **MARCH FINANCIALS** (Highlights – Lisa Dooley presented):  
**General Performance:** HCH is experiencing a YTD net operating Shortfall of (\$203k) which is an unfavorable variance to budget of (\$62k). This unfavorable variance is driven primarily by patient revenue. Grant revenue is also unfavorable; however, offsetting favorable salary expenses results in an immaterial impact.  
  
**Revenue:**
    - YTD revenue is unfavorable to budget by (\$366k) driven by Patient Billing Revenue and Grants.
    - Patient Service Revenue – Net (PSR) unfavorable to budget (\$180k) YTD but favorable to 2021 \$235k.
      - Continuing to stabilize AthenaOne EMR and processes.
      - Processes are continuing to be implemented within operations (including development of KPIs) and HCH is seeing an increase in patient volumes. Staffing levels do contribute to the capacity of available encounters.
    - Grants unfavorable to budget (\$175k) YTD March but favorable to 2021 by \$192k.
    - ACIS (supportive housing services pilot program) unfavorable to budget by (\$14k). 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(\$57k) but offset but the favorability of \$59K for Other Sources.Half of the favorability for Other Sources is driven by Pharmacy rebates and the other half is associated with Medicare Cost report reimbursement.  
**Expenses:**
    - Total operating expenses are \$304k favorable to budget YTD March. This is driven primarily by Salaries and Benefits.
    - Salaries & Employee Benefits – Favorable to budget \$337k

- Current active agency headcount of 215 vs. budget of 259
- Approximately 37 open positions being actively recruited and 7 hired for April/May start.

**Liquidity Management:**

- All cash, including investments, equates to 165.11 DCOH. Operating cash on hand balances are 45.33 days.
- The lower operating DCOH are being impacted by
  - System conversion and catching up billings in the Athena system – have additional bandwidth helping work down the backlog
  - Grant receivables being worked as most city grant balances are experiencing end of year cyclical highs. These started to resolve in March.

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

**V. 2020/2021 FINANCIAL STATEMENT AUDIT UPDATE** (Angela Wells-Sims reported):

The Auditors are still working on the 2020 audit. Because of delays in getting the audit initially done, additional testing is required, and detail schedules are requested. The target date for the completion of the 2020 audit is the second week in May. The goal is for the auditor to roll into the 2021 audit the third week of May with the hope of them getting schedules earlier so they can do the sampling on the front end versus when they are during the actual audit. Another goal is to present the 2020 audit at the May F&F committee meeting and the May Board meeting; and present the 2021 audit at the June F&F committee and the June Board meeting.

**VI. CFO SEARCH UPDATE:** Kevin L. reported that there are two CFO candidates scheduled for interviews next week. Kevin had phone screens with both individuals. More information will follow.

**VII. ANNOUNCEMENTS** (Kevin L. reported):

- The Maryland General Assembly passed, and the Governor included in his supplemental budget an adult dental Medicaid expansion effective January 1, 2023. This would mean that adults who receive Medicaid once again will have a dental benefit.
- The Governor has not vetoed and will either sign or will allow to become law without his signature, coverage of all pregnant woman that are income eligible through Medicaid during pregnancy, and one year for postpartum for both the parent and child regardless of immigration status. This is not just for OB services, but comprehensive services. This is helpful as the Agency is looking to expand the pediatric services.

**Next Meeting: May 17, 2022**

## **Health Care for the Homeless**

### **April 2022 Financial Results**

#### **General Performance:**

- HCH is experiencing a YTD net operating shortfall of (\$323k) which is an unfavorable variance to budget of (\$121k). This unfavorable variance is driven primarily by patient revenue. Grant revenue is also unfavorable; however, offsetting favorable salary expenses results in an immaterial impact.

#### **Revenue:**

- YTD revenue is unfavorable to budget by (\$1M) driven by Patient Billing Revenue and Grants.
- Patient Service Revenue – Net (PSR) unfavorable to budget (\$323k) YTD but favorable to 2021 \$177k.
  - Continuing to stabilize AthenaOne EMR and processes.
  - Processes are continuing to be implemented within operations (including development of KPIs) and HCH is seeing an increase in patient volumes. Staffing levels do contribute to the capacity of available encounters.
- Grants unfavorable to budget (\$603k) YTD April and unfavorable to 2021 by (\$68k).
- ACIS (supportive housing services pilot program) unfavorable to budget by (\$19k). 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 (\$141k).
- Other sources are favorable to budget \$39K, which is primarily driven by Pharmacy rebates and Medicare Cost report reimbursement.

#### **Expenses:**

- Total operating expenses are \$925k favorable to budget YTD April. This is driven primarily by Salaries and Benefits.
  - Salaries & Employee Benefits – Favorable to budget \$854k
  - Client Assistance – Favorable to budget \$98K

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

	<u>Jan 22 YTD</u>	<u>Feb 22 YTD</u>	<u>Mar 22 YTD</u>	<u>Apr 22 YTD</u>	<u>Apr 22 YTD</u>			<u>Apr 21 YTD</u>		
	<u>Actual</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	\$ 1,093,177	\$ 2,094,695	\$ 3,193,500	\$3,887,849	\$ 4,490,854	\$ (603,005)	-13%	\$ 3,955,765	\$ (67,917)	-2%
Patient Services, Net	\$ 574,728	\$ 1,134,558	\$ 1,787,858	\$2,322,252	\$ 2,645,288	\$ (323,037)	-12%	\$ 2,145,613	\$ 176,638	8%
Contributions	\$ 124,285	\$ 340,034	\$ 436,955	\$503,065	\$ 643,733	\$ (140,669)	-22%	\$ 773,937	\$ (270,872)	-35%
ACIS	\$ 85,000	\$ 170,000	\$ 255,000	\$340,000	\$ 358,848	\$ (18,848)	-5%	\$ 382,114	\$ (42,114)	-11%
Other Sources	\$ 531,074	\$ 719,003	\$ 1,140,061	\$1,479,525	\$ 1,440,776	\$ 38,749	3%	\$ 1,422,260	\$ 57,265	4%
Developer Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
<b>Total Revenue</b>	<b>\$ 2,408,264</b>	<b>\$ 4,458,289</b>	<b>\$ 6,813,375</b>	<b>\$ 8,532,691</b>	<b>\$ 9,579,499</b>	<b>\$ (1,046,809)</b>	<b>-11%</b>	<b>\$ 8,679,690</b>	<b>\$ (146,999)</b>	<b>-2%</b>
Salaries	\$ 1,245,790	\$ 2,423,037	\$ 3,773,211	4,966,465	\$ 5,275,400	\$ (308,935)	-6%	\$ 4,763,604	\$ 202,861	4%
Employee Benefits	\$ 351,079	\$ 656,872	\$ 871,013	841,705	\$ 1,386,466	\$ (544,761)	-39%	\$ 1,079,458	\$ (237,753)	-22%
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Contract Services	\$ 30,651	\$ 83,884	\$ 144,234	167,469	\$ 159,387	\$ 8,082	5%	\$ 157,721	\$ 9,748	6%
Office Supplies	\$ 6,398	\$ 35,413	\$ 50,874	53,046	\$ 53,394	\$ (348)	-1%	\$ 36,925	\$ 16,121	44%
Client Assistance	\$ 316,360	\$ 494,995	\$ 702,398	892,013	\$ 989,983	\$ (97,970)	-10%	\$ 907,169	\$ (15,156)	-2%
Pharmacy	\$ 192,557	\$ 398,229	\$ 471,784	691,776	\$ 650,137	\$ 41,639	6%	\$ 600,802	\$ 90,974	15%
Medical Supplies	\$ 50,102	\$ 65,581	\$ 116,303	125,339	\$ 112,110	\$ 13,229	12%	\$ 80,235	\$ 45,104	56%
Business Operations	\$ 49,127	\$ 114,946	\$ 198,348	244,717	\$ 311,894	\$ (67,177)	-22%	\$ 292,738	\$ (48,021)	-16%
Staff Development	\$ 53,030	\$ 64,861	\$ 72,129	79,102	\$ 51,164	\$ 27,938	55%	\$ 51,236	\$ 27,866	54%
Building Operations	\$ 66,250	\$ 139,903	\$ 226,205	274,233	\$ 262,764	\$ 11,469	4%	\$ 296,565	\$ (22,332)	-8%
Utilities	\$ 17,466	\$ 77,483	\$ 104,947	149,623	\$ 124,932	\$ 24,691	20%	\$ 139,392	\$ 10,231	7%
Equipment	\$ 32,291	\$ 92,561	\$ 135,260	183,680	\$ 161,430	\$ 22,250	14%	\$ 102,764	\$ 80,916	79%
Fundraising Events	\$ 11,954	\$ 23,255	\$ 33,415	33,415	\$ 53,096	\$ (19,681)	-37%	\$ 62,262	\$ (28,847)	-46%
In-Kind Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Depreciation	\$ 41,003	\$ 81,923	\$ 115,818	152,623	\$ 188,471	\$ (35,848)	-19%	\$ 161,752	\$ (9,129)	-6%
<b>Total Operating Expenses</b>	<b>\$ 2,464,057</b>	<b>\$ 4,752,944</b>	<b>\$ 7,015,938</b>	<b>\$ 8,855,206</b>	<b>\$ 9,780,627</b>	<b>\$ (925,420)</b>	<b>-9%</b>	<b>\$ 8,732,623</b>	<b>\$ 122,583</b>	<b>1.4%</b>
<b>Net Operating Surplus (Shortfall)</b>	<b>\$ (55,793)</b>	<b>\$ (294,654)</b>	<b>\$ (202,563)</b>	<b>\$ (322,516)</b>	<b>\$ (201,127)</b>	<b>\$ (121,388)</b>	<b>60%</b>	<b>\$ (52,933)</b>	<b>\$ (269,583)</b>	<b>509%</b>
Unrealized Gain (Loss) Investments	\$ (361,331)	\$ (530,618)	\$ (535,842)	\$ (992,106)	\$ -	\$ (992,106)		\$ 558,463	\$ (1,550,569)	-278%
<b>Net Surplus (Deficit)</b>	<b>\$ (417,124)</b>	<b>\$ (825,273)</b>	<b>\$ (738,405)</b>	<b>\$ (1,314,622)</b>	<b>\$ (201,127)</b>	<b>\$ (1,113,495)</b>	<b>554%</b>	<b>\$ 505,530</b>	<b>\$ (1,820,152)</b>	<b>-360%</b>