

# AGENDA

## BOARD OF DIRECTORS FINANCE AND FACILITIES COMMITTEE

November 15, 2022

5:30 PM – 7:00 PM



### **Zoom Meeting:**

<https://zoom.us/j/96161703345?pwd=RGJQc24xQTNuNDIiVlNyOFdiOXNVdz09>

Meeting ID: 961 6170 3345

Passcode: 970677

- I. WELCOME
- II. APPROVAL OF MINUTES (October Meeting)
- III. OCTOBER 2022 FINANCIALS
- IV. 2021 AUDIT UPDATE
- V. 2023 BUDGET UPDATE
- VI. OTHER BUSINESS

Next Meeting: **December 13<sup>th</sup> 5:30 – 7:00 pm**

**Everyone deserves to go home.**

**DRAFT**  
**BOARD OF DIRECTORS**  
**FINANCE AND FACILITIES COMMITTEE**  
**ZOOM MEETING**  
**October 18, 2022**



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

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

- I. APPROVAL OF SEPTEMBER MINUTES:** The committee reviewed the August minutes. Follow-up Topics: None. **By unanimous vote, the September 27, 2022 minutes were approved by the committee.**

**II. SEPTEMBER 2022 FINANCIALS:** Angela Wells presented

General Performance

HCH is experiencing a YTD net operating shortfall of (\$737k) which is an unfavorable variance to budget of (\$290k). This unfavorable variance is driven primarily by patient revenue. Performance position improved \$190k compared to YTD August.

Revenue

- YTD revenue is unfavorable to budget by (\$1.2m) but \$1.4m favorable compared to YTD September 2021. Current period variance to budget is primarily driven by patient revenue.
- Patient Service Revenue – Net (PSR) is unfavorable to budget (\$1.3m) YTD and (\$40k) below YTD September 2021
  - Overall agency encounters (billable and non-billable) are 19.7% or 13, 104 above YTD September 2021 but still 7.8% or 6,729 below 2019 pre-pandemic encounters YTD. YTD September 2019, average billable percentage was 38%. Assuming 38% average billable of 6,729 encounter difference, this would equate to roughly \$522k in additional revenue.
  - Continuing to stabilize AthenaOne EMR and processes. Clean-up of outstanding claims expected to be complete end of November. Additional revenue opportunity with Optum denials being reworked by State of MD. Currently 800 claims with an opportunity of approximately \$160k.
  - 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 (\$128k) YTD September but favorable to 2021 YTD \$835k. 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 supported by approved grants. Finance team is continuing to work to further identify opportunity.
- Contributions are unfavorable to budget (\$216k) and unfavorable (\$22k) to 2021.
- ACIS (supportive housing service pilot program) is favorable to budget \$99k. Actuals performing better than expected. Q3 reconciliation will occur in November.
- Other sources is favorable to budget \$365k and \$617k above YTD 2021. This is primarily driven by pharmacy rebates.

Expenses

Total operating expenses are \$901k favorable to budget YTD September. This is driven by favorability in Salaries & Benefits and Client Assistance, offset by unfavourability in Pharmacy, Contracted Services, Building Operations and Medical Supplies.

- Salaries & Employee Benefits – Favorable to budget \$1.8m
- Client Assistance – Favorable to budget \$378k
- Pharmacy – Unfavorable to budget (\$548k)
- Contracted Services – Unfavorable to budget (\$363k)
- Building Operations – Unfavorable to budget (\$197k)
- Medical Supplies – Unfavorable to budget (\$127k)

### Liquidity Management

- All cash, including investments, equates to 127.8 DCOH. Operating cash on hand balances are 18.5 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	47.7
Aug-22	156.3	46.6
Sep-22	127.8	18.5

- MOHS ACIS payment of \$1.1m for services from July 2021 through June 2022 was issued on 9/29 but not cleared in bank until first week of October. Should this had been sent via ACH and cleared in September as expected, DCOH would have increased 14.4 days to 32.9 operating DCHO.

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

### **III. 2022 (SEPT-DEC) FINANCE PRIORITIES**

Priority	Targeted Achievement	Target Completion	Current Status/Other Notes
<b>2021</b>	Meet required compliance requirements	Early October	November 2022
<b>Reconciliation &amp; Collection of Receivables</b>	Improve cash position and reduce receivables of \$4m or less	Reconciliation: late October Collection: ongoing through end of December	On target – contingent on completion of 2021 first
<b>Capture of Grant Expenses (current unfunded expenses)</b>	Minimize expense gaps on grants with current underspending	Ongoing through end of December	On target – several internal meeting and initiatives to review and clean up
<b>2023 Operating &amp; Capital Budget</b>	Develop clear measurable assumption and targets based on reforecast of 2022 performance	Early December	On target – preliminary assumption complete (see detail)
<b>2022 Balance Sheet Reconciliation</b>	Clear picture of 2022 financial position and in position to timely complete 2022 audit	Mid December (performance through November)	On target – contingent on completion of 2021 first
<b>Internal Control Process Re-engineering</b>	Restructure functional priorities (grants, patient billing, payables (payroll/AP & reporting/compliance) and operational processes	Late October	On target – finance manager onboarded; current search for director

**Next Meeting: November 15, 2022 at 5:30pm**

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

### **General Performance:**

- HCH is experiencing a YTD net operating shortfall of (\$946k) which is an unfavorable variance to budget of (\$353k). This unfavorable variance is driven primarily by patient revenue.
  - Performance position deteriorated (\$209k) compared to YTD September as a result of retro benefit (insurance and employee testing) charges.

### **Revenue:**

- YTD revenue is unfavorable to budget by (\$1.4m) but \$1.5m favorable compared to YTD October 2021. Current period variance to budget is primarily driven by patient revenue.
- Patient Service Revenue – Net (PSR) is unfavorable to budget (\$1.5m) YTD and (\$56k) below YTD October 2021.
  - Overall agency encounters (billable and non-billable) are 20.8% or 15,308 above YTD October 2021 but still 8.2% or 7,898 below 2019 pre-pandemic encounters YTD.
  - Continuing to stabilize AthenaOne EMR and processes. Clean-up of outstanding claims is complete. Additional, revenue opportunity with Optum denials being reworked by State of MD. Currently 800 claims with an opportunity of approximately \$160k.
- Grants unfavorable to budget (\$124k) YTD October but favorable to 2021 YTD \$800k.
  - 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 supported by approved grants. Finance team is continuing to work to further identify opportunity.
- Contributions are unfavorable to budget (\$229k) but favorable \$6k to 2021.
- ACIS (supportive housing services pilot program) is favorable to budget \$104k. Actuals performing better than expected. Q3 reconciliation will occur in November.
- Other sources are favorable to budget \$323k and \$680k above YTD 2021. This is primarily driven by pharmacy rebates.

### **Expenses:**

- Total operating expenses are \$1.1m favorable to budget YTD October. This is driven by favorability in Salaries & Benefits and Client Assistance, offset by unfavourability in Pharmacy, Contracted Services, Building Operations, and Medical Supplies.
  - Salaries & Employee Benefits – Favorable to budget \$2m
  - Client Assistance – Favorable to budget \$455k
  - Pharmacy - Unfavorable to budget (\$620k)
  - Contracted Services – Unfavorable to budget (\$378k)
  - Building Operations – Unfavorable to budget (\$210k)
  - Medical Supplies – Unfavorable to budget (\$155k)

**Liquidity Management:**

- All cash, including investments, equates to 155.3 DCOH. Operating cash on hand balances are 49.4 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	47.7
Aug-22	156.3	46.6
Sep-22	127.8	18.5
Oct-22	155.3	49.4

**Health Care for the Homeless**  
**Statement of Activities**  
**10/31/2022**

	<u>Jun 22 YTD</u>	<u>Jul 22 YTD</u>	<u>Aug 22 YTD</u>	<u>Sep 22 YTD</u>	<u>Oct 22 YTD</u>	<u>Oct 22 YTD</u>			<u>Oct 21 YTD</u>		
	<u>Actual</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	\$6,727,194	\$7,452,663	\$8,881,968	\$10,088,773	\$11,252,854	\$ 11,376,830	\$ (123,976)	-1%	\$ 10,453,294	\$ 799,559	8%
Patient Services, Net	\$3,358,517	\$3,797,536	\$4,359,205	\$4,846,509	\$5,373,340	\$ 6,877,399	\$ (1,504,059)	-22%	\$ 5,429,217	\$ (55,878)	-1%
Contributions	\$1,042,080	\$1,175,195	\$1,299,052	\$1,376,414	\$1,526,655	\$ 1,755,650	\$ (228,995)	-13%	\$ 1,520,367	\$ 6,288	0%
ACIS	\$510,000	\$595,000	\$811,095	\$906,095	\$1,001,095	\$ 897,119	\$ 103,975	12%	\$ 975,254	\$ 25,841	3%
Other Sources	\$2,141,310	\$2,877,894	\$2,879,454	\$3,642,330	\$3,971,298	\$ 3,648,710	\$ 322,588	9%	\$ 3,291,382	\$ 679,916	21%
Developer Fees	-	-	-	-	-	\$ -	\$ -	0%		\$ -	0%
<b>Total Revenue</b>	<b>\$ 13,779,100</b>	<b>\$ 15,898,288</b>	<b>\$ 18,230,774</b>	<b>\$ 20,860,121</b>	<b>\$ 23,125,241</b>	<b>\$ 24,555,709</b>	<b>\$ (1,430,468)</b>	<b>-6%</b>	<b>\$ 21,669,515</b>	<b>\$ 1,455,727</b>	<b>7%</b>
Salaries	\$ 7,674,789	\$ 8,601,493	\$ 9,921,879	\$ 11,214,624	\$ 12,466,439	\$ 13,695,458	\$ (1,229,019)	-9%	\$ 12,202,523	\$ 263,915	2%
Employee Benefits	\$ 1,717,272	\$ 1,974,900	\$ 2,254,690	\$ 2,407,851	\$ 2,807,908	\$ 3,553,438	\$ (745,530)	-21%	\$ 2,698,056	\$ 109,852	4%
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%		\$ -	0%
Contract Services	\$ 356,884	\$ 462,708	\$ 626,686	\$ 725,683	\$ 781,754	\$ 403,781	\$ 377,973	94%	\$ 582,454	\$ 199,300	34%
Office Supplies	\$ 91,441	\$ 103,038	\$ 109,120	\$ 122,981	\$ 143,978	\$ 135,264	\$ 8,714	6%	\$ 100,607	\$ 43,371	43%
Client Assistance	\$ 1,329,578	\$ 1,541,215	\$ 1,710,230	\$ 1,874,117	\$ 2,052,640	\$ 2,507,956	\$ (455,316)	-18%	\$ 2,282,547	\$ (229,907)	-10%
Pharmacy	\$ 1,323,064	\$ 1,378,685	\$ 1,776,059	\$ 2,027,643	\$ 2,267,159	\$ 1,647,013	\$ 620,146	38%	\$ 1,659,159	\$ 608,000	37%
Medical Supplies	\$ 248,933	\$ 267,941	\$ 295,663	\$ 382,320	\$ 439,056	\$ 284,011	\$ 155,045	55%	\$ 205,278	\$ 233,778	114%
Business Operations	\$ 443,265	\$ 556,558	\$ 696,401	\$ 801,151	\$ 878,037	\$ 790,133	\$ 87,904	11%	\$ 733,226	\$ 144,811	20%
Staff Development	\$ 137,641	\$ 138,694	\$ 176,559	\$ 184,732	\$ 206,351	\$ 128,976	\$ 77,374	60%	\$ 105,865	\$ 100,485	95%
Building Operations	\$ 480,524	\$ 598,136	\$ 690,102	\$ 795,224	\$ 875,607	\$ 665,669	\$ 209,937	32%	\$ 694,028	\$ 181,579	26%
Utilities	\$ 163,602	\$ 218,341	\$ 244,031	\$ 320,001	\$ 352,679	\$ 316,493	\$ 36,186	11%	\$ 334,976	\$ 17,702	5%
Equipment	\$ 218,574	\$ 247,544	\$ 294,313	\$ 333,387	\$ 351,002	\$ 408,956	\$ (57,954)	-14%	\$ 448,886	\$ (97,884)	-22%
Fundraising Events	\$ 34,871	\$ 34,215	\$ 37,174	\$ 37,994	\$ 39,209	\$ 134,510	\$ (95,301)	-71%	\$ 69,920	\$ (30,711)	-44%
In-Kind Expense	\$ 12,932	\$ 12,932	\$ 12,932	\$ 17,965	\$ 18,336	\$ -	\$ 18,336	0%	\$ 37,097	\$ (18,761)	-51%
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%
Depreciation	\$ 240,036	\$ 272,225	\$ 311,952	\$ 351,678	\$ 391,404	\$ 477,459	\$ (86,055)	-18%	\$ 405,485	\$ (14,081)	-3%
<b>Total Operating Expenses</b>	<b>\$ 14,473,408</b>	<b>\$ 16,408,625</b>	<b>\$ 19,157,792</b>	<b>\$ 21,597,352</b>	<b>\$ 24,071,559</b>	<b>\$ 25,149,116</b>	<b>\$ (1,077,557)</b>	<b>-4%</b>	<b>\$ 22,560,108</b>	<b>\$ 1,511,451</b>	<b>6.7%</b>
<b>Net Operating Surplus (Shortfall)</b>	<b>\$ (694,308)</b>	<b>\$ (510,336)</b>	<b>\$ (927,018)</b>	<b>\$ (737,230)</b>	<b>\$ (946,318)</b>	<b>\$ (593,407)</b>	<b>\$ (352,910)</b>	<b>59%</b>	<b>\$ (890,594)</b>	<b>\$ (55,724)</b>	<b>6%</b>
Unrealized Gain (Loss) Investments	\$ (1,374,035)	\$ (961,787)	\$ (1,234,476)	\$ (1,507,323)	\$ (2,117,709)	\$ -	\$ (2,117,709)		\$ 869,652	\$ (2,987,361)	-344%
<b>Net Surplus (Deficit)</b>	<b>\$ (2,068,342)</b>	<b>\$ (1,472,124)</b>	<b>\$ (2,161,494)</b>	<b>\$ (2,244,554)</b>	<b>\$ (3,064,026)</b>	<b>\$ (593,407)</b>	<b>\$ (2,470,619)</b>	<b>416%</b>	<b>\$ (20,941)</b>	<b>\$ (3,043,085)</b>	<b>14531%</b>