

# ALBERTINA KERR

## **ALBERTINA KERR CENTERS Finance, Audit & Compliance Committee**

### **Meeting Agenda Tuesday, May 12, 2020 4 to 5 p.m. Via Teams**

- 4 p.m.           **Convene** (Karen Rasmussen, Chair)
- 4  
pp. 2-8           **Approve Minutes of March 10, 2020 Meeting** (All)  
                          Attached: Mark-up of Financial Management Policies as  
                          Discussed at March 10<sup>th</sup> Meeting
- 4:01  
pp. 9-17           **Financial Updates** (Janice Jacobs)  
                          March YTD FY2019-2020  
                          Forecasting for Final 3 Months of FY2019-2020  
                          Budget FY2020-2021  
                          Audit Issues Update  
                          Finance Department Key Priorities
- 4:45           **Executive Session** (Karen Rasmussen)
- 5               **Adjourn** (Karen Rasmussen)

*Next Committee Meeting: June 9, 2020, 4-6 p.m.*

**ALBERTINA KERR CENTERS**  
**Finance, Audit & Compliance Committee Minutes**  
**March 10, 2020**  
**5 to 7:00 p.m.**  
Kerr Admin Center – 2<sup>nd</sup> Floor Board Room

**Members Present**

David Connell, David Lake (via phone), Paul Litwinczuk, Melissa May, Karen Rasmussen, Laura Shipley

**Members Excused**

Jill Nickerson, Craig Payne

**Staff Present**

Jeff Carr, Owen Gibson, Janice Jacobs

**Convene**

The meeting convened at 4 p.m. Karen Rasmussen, Chair, joined shortly after.

**Approve Minutes of the January 7, 2020 Finance, Audit & Compliance Committee Meeting**

**ACTION: Paul Litwinczuk moved that the minutes of the January 7, 2020 meeting be approved. Laura Shipley seconded. The motion passed via unanimous vote.**

**Policy Update Review** (Owen Gibson, Holly Edgar)

Three finance related policies were included in the meeting packet for members to review. New formatting and categorization will eventually be used for all Board policies. The content of the three policies were discussed at length: Budgeting, Financial Conditions, and Signatory Authority. Language and updates to several authorization amounts were noted and will be revised and presented to the full Board for approval. (Updated policies are attached to these minutes for reference.)

**Financial Updates** (Janice Jacobs)

- January and MTD FY2019-2020 were reviewed. Adult group home beds are full. Kids' group home performance dropped slightly. The Autzen group home will be on board in February which should have a positive impact going forward. Employment Services are strong. Outpatient Mental Health census dropped slightly. Subacute performed better in January than in December, and a restricted grant was released to subacute, helping revenue. MTD performance overall shows a \$59k surplus against a budgeted deficit. YTD performance is \$277k behind budget. Bonus accrual of \$160k will not likely be paid out. Contract revenue is good against plan. Salaries are above budget due to a 12% vacancy rate used in budgeting. Actual vacancy rates have run below budget since July, helping with overtime expenses but increasing salaries. Investment income will be negatively impacted in February's reporting due to market downturns. Subacute should receive a \$114k bonus from Kaiser.
- The financial impact of the emerging coronavirus situation will be tracked via use of a project code. Added expenses plus lost revenues will be tracked. The tracking will be used as data in the event the State offers any reimbursement funds. A Personal Accrued Leave bank (PAL, Kerr's vacation and time off program) may be used for lower wage loss of hours. Kerr leadership will hold regular communications as the situation evolves.
- The Federal 990's were distributed for review.

**ACTION: David Connell moved that the Federal 990 filing be accepted and submitted to the Board for review prior to filing. Laura Shipley seconded. The motion passed via unanimous vote.**

- The Finance Department priorities plan was reviewed. The Paycom payroll conversion is complete and the allocation changes are in process. Other items are still in progress. Software issues are being addressed with updates and new modules to streamline allocations.
- Audit issue updates were reviewed.

**ACTION: Gary McGee & Co. will review and report in late April.**

- The Revenue Cycle team has reconciled 90% of accounts. Items still in process include account reconciliations, including donors to the database.
- All systems have upgraded to Blackbaud software, including updated accounting mapping. The third party Accounts Payable system, Avid, will be terminated and A/P functions will move in-house. Overall, the department is making progress.

#### **Compliance Dashboard** (Owen Gibson)

Owen reviewed highlights of the compliance dashboard. Substantiated abuse findings were discussed. A new abuse allegation tracking system is in place. When abuse allegation clusters appear in the tracking, Compliance and management will look closer for causes and corrective action. HIPAA risks were audited internally. No breaches were found so far this calendar year. An internal audit of Portland Art and Learning Studios related to Epic implementation returned very positive results. Oregon Health Authority and Oregon Department of Human Services reviewed subacute and Outpatient Mental Health records. Overall results of that survey were good with only minor issues noted. Revenue Cycle is doing an excellent job with billing. No paybacks have occurred since 2018. Client account audits will begin in the 4<sup>th</sup> quarter. The State will review Kerr's disaster recovery plan in 2020. The Compliance Department is looking into feedback found in staff voluntary exit surveys pointing to work culture issues. A question was asked about founded abuse instances; Owen confirmed staff involved were terminated.

#### **Kerr Risk Management Assessment** (Owen Gibson)

Owen reviewed the "heat map" visual aid for identifying likeliness and impact of different violations, highlighting the areas of focus. A composite scoring system is used to determine likeliness and impact. It was noted that Disaster Recovery looks at the agency as a whole for operational recovery.

#### **Committee Objectives** (Karen Rasmussen, All)

The objectives were reviewed; no changes.

#### **Discussion: Coronavirus** (Jeff Carr)

Jeff provided an update on how Kerr is managing the fast changing outbreak of coronavirus. Leadership is communicating with staff regularly on hygiene techniques and using signage as aids and reminders. Supply shortages could create significant challenges. Staff are currently sourcing supplies, and will create outbreak kits in the event of a quarantine(s). Two group homes are medically fragile and are at high risk for serious illness should a resident become infected. The vacant 165<sup>th</sup> group home will be cleaned and prepared as a quarantine location. Homes with vacancies may consolidate to create quarantine space if

necessary. A two-hour video meeting was held earlier today with key leadership attending. The group will meet regularly to discuss updates to the situation, Kerr's status, and communication with employees. The goal is to facilitate preparation, yet calm. Administrative support positions will be moved to remote locations (work from home) where possible.

**Executive Session**

Committee members entered executive session at 7 pm.

**Adjourn** (Karen Rasmussen)

Karen adjourned the meeting at 7:05 p.m.

Recorded by Holly Edgar, Corporate Secretary

# Chapter: Financial Management

## SECTION: BUDGETING

The Board of Directors of Albertina Kerr Centers shall plan and control revenues and expenditures through the development and monitoring of an approved budget for each fiscal year. The responsibility for the development of the annual budget and monthly monitoring and reporting will lie with the Chief Executive Officer and Chief Financial Officer. This material shall be reviewed by the Finance, Audit & Compliance Committee. The budget process shall include:

- Operating and capital budgets
- Conservative projections of available revenues
- Conservative reliance on fund raising proceeds
- Cash flow budget
- Identification of special projects to be implemented if funding is secured
- Adequate cost-control analysis
- Annual review of staff wage scales and benefits by the Finance, Audit & Compliance Committee in annual budget development process
- Schedule of critical dates related to draft development and review prior to board approval of the annual budget on or before the July board meeting
- Contingency plans to be implemented to reduce deficits that may become evident during the monitoring phase of the budget process

Performance bonuses for employees eligible to participate in the bonus program per the Employee Handbook, and an allocation shall be included and accrued in management's recommended annual operating budget. Such bonuses, if earned, may only be paid out of any annual operating budget surpluses that may be achieved.

All budgeted Albertina Kerr Center program functions and activities shall be in keeping with the mission statement and stated objectives of the strategic plan and mindful of the tax exempt status of the organization.

## SECTION: FINANCIAL CONDITIONS

The overriding policy of AKC is that the financial condition shall never result in fiscal jeopardy to the organization, or disruption in the integrity of our client services.

Other key policies are as follows:

1. Individual programs may have budgeted deficits; however, in aggregate, budgeted results of operations must exceed zero.
2. Budgets shall take into consideration seasonality and timing of cash flows; net surpluses (deficits) from month to month shall meet budget targets.

3. Capital expenditures in total must be approved as follows:
  - a) Finance, Audit & Compliance Committee, as part of the annual budgeting process
  - b) Board of Directors, as part of the annual budgeting process
  - c) Management can change line items within the approved capital budget, but cannot exceed total budget. Capital updates will be provided by management in excess of the total budget.
  
4. Unbudgeted capital expenditures must be approved as follows:
  - a) CEO, up to ~~\$100,000~~ ~~50,000~~ in the aggregate per fiscal year
  - b) Finance, Audit & Compliance Committee, between ~~\$100,000-250,000~~ ~~\$50,000~~ and ~~\$100k~~ in aggregate per year, action reported to the Board of Directors
  - c) Board of Directors, in excess of ~~\$250,000~~ ~~\$100k~~
  
5. Aggregate annual assumption of any long term debt obligation must be approved as follows:
  - a) CEO, up to \$50,000
  - b) Finance, Audit & Compliance Committee, if between to \$50,000 and \$100,000
  - c) Board, if \$100,000 or more.

Any debt agreements below this threshold shall be reported to the Finance, Audit & Compliance Committee by the CFO in the annual budgeting process.

Long-term debt shall include any monetary obligation of the agency that has a repayment period in excess of twelve months.
  
6. Sale of Real Estate must be approved as follows:
  - a) CEO, up to ~~\$250,000~~ ~~\$50,000~~
  - b) Finance, Audit & Compliance Committee, if between ~~\$250,000~~ ~~\$50,000~~ and ~~\$500,00~~ ~~\$100,000~~
  - c) Board, if ~~\$500,000~~ ~~\$100,000~~ or more
  
7. Establishing or changing the amount or other terms of the credit line requires the approval of the Board of Directors.
8. Authorized signers for all debt instruments shall be the CEO and CFO, acting in combination
9. Contributions received by the agency, if restricted and designated by donor, must be used only for the restricted and designated purpose.
10. Amounts accumulated or set aside in designated funds must be used only for the designated purpose.
11. The CEO and CFO shall see that agency debts are settled in a timely manner.

12. The Finance, Audit & Compliance Committee and the Board shall monitor financial performance by reviewing monthly agency financial information.
13. The Finance, Audit & Compliance Committee and the Board shall review summary financial information of the Foundation on a quarterly basis.
14. The Finance, Audit & Compliance Committee and the Board shall have access to any and all financial information deemed necessary to carry out their responsibilities.
15. The Finance, Audit & Compliance Committee shall review annual federal 990 tax forms for Albertina Kerr Centers and the Foundation prior to filing. The Foundation shall review their 990 tax form even if the review occurs post filing.
16. The Finance, Audit & Compliance Committee functions as an audit committee for AKC and the Foundation. In that capacity, the Committee will select an independent public accounting firm, review the scope of the audits prior to commencement of the audit and meet the auditors at the conclusion of the audits to review findings and recommendations.

## SECTION: SIGNATORY AUTHORITY

The CEO shall have the authority to sign in the name and on behalf of the Agency all duly authorized contracts, deeds, legal and financial documents, and other official documents necessary for the conduct of Agency business, including estate and trust documents, planned giving agreements, and other gift instruments accepted by the Agency. Such documents may also be signed by the Board Chair or any other person designated for that purpose by the Board of Directors or by the CEO.

The CEO may, from time to time, delegate signatory authority to the Treasurer/CFO. During an extended absence, the CEO may also delegate such authority to another officer who is temporarily acting as the CEO.

Pursuant to the Financial Conditions policy, authorized signers for all debt instruments shall be the CEO and the Treasurer/CFO, acting in combination.

Transactions affecting Agency accounts may be signed by the following:

- CEO
- Treasurer/CFO
- Board Chair

The Corporate Secretary is authorized to sign payroll and accounts payable checks, and follow up with a timely reporting of checks signed for approval by the CEO or Treasurer/CFO.

### Subsection Example

Text

### Sources:

Rule/Source	Summary	Last rule revision date

### Revision and Approval History:

Policy	Revised by	Revision Date	Approved by	Approval Date
Budgeting	Holly Edgar	03/04/2020	FAC Committee	
Financial Conditions	Holly Edgar	03/04/2020	FAC Committee	
Signatory Authority	Holly Edgar	03/04/2020	FAC Committee	



**Albertina Kerr Centers  
P&L Budget  
For The Month Ending  
March 31, 2020**

Description	Actual 3/31/2020	Budget 3/31/2020	Month vs Budget		YTD Actual 3/31/2020	YTD Budget 3/31/2020	YTD vs Budget		Annual Budget
			Actual Var Fav/(Unfav)				Actual Var Fav/(Unfav)		
			\$'s	%			\$'s	%	
<b>Revenue</b>									
Contract and Program Revenue	3,741,268	3,946,211	(204,943)	-5.2%	33,251,029	33,609,681	(358,652)	-1.1%	45,404,061
Trfs from Fdn and Net Assets Released	(92,183)	(2,430)	(89,753)	3693.5%	645,695	1,167,765	(522,070)	-80.9%	1,987,155
Investment Spending Rate	27,285	27,285	-	0.0%	245,565	245,656	(91)	0.0%	327,420
In Kind Contributions	-	-	-	0.0%	78,855	50,000	28,855	36.6%	50,000
<b>Total Revenue</b>	<b>3,676,370</b>	<b>3,971,066</b>	<b>(294,696)</b>	<b>-7.4%</b>	<b>34,221,144</b>	<b>35,073,102</b>	<b>(851,958)</b>	<b>-2.5%</b>	<b>47,768,636</b>
<b>Expense</b>									
Salaries & Wages	2,552,755	2,591,710	38,955	1.5%	23,316,125	23,001,280	(314,845)	-1.4%	30,947,544
Employee Benefits	366,074	345,830	(20,244)	-5.9%	3,142,397	3,125,269	(17,128)	-0.5%	4,178,225
Payroll Taxes	226,001	235,393	9,392	4.0%	2,181,777	2,120,841	(60,936)	-2.8%	2,818,796
Contracted Direct Labor	8,265	4,830	(3,435)	-71.1%	164,081	61,971	(102,110)	-62.2%	76,462
Other Employee Related Costs	23,109	35,799	12,690	35.4%	291,725	322,553	30,828	10.6%	429,962
Professional Fees & Insurance	54,030	50,206	(3,824)	-7.6%	595,100	464,895	(130,205)	-21.9%	608,163
Telecommunications	31,124	142,728	111,604	78.2%	897,152	1,246,526	349,374	38.9%	119,544
Facilities & Occupancy	276,215	275,482	(733)	-0.3%	2,494,969	2,515,378	20,409	0.8%	4,867,399
Equipment	19,019	24,113	5,094	21.1%	239,979	228,788	(11,191)	-4.7%	300,526
Program & Office Supplies	133,045	97,685	(35,360)	-36.2%	973,625	878,054	(95,571)	-9.8%	1,171,108
Vehicle Expenses	31,228	51,075	19,847	38.9%	315,240	456,855	141,615	44.9%	610,014
PR & Fundraising	130	12,863	12,733	99.0%	61,932	112,631	50,699	81.9%	151,221
Cost of In-Kind Goods/Services	-	-	-	0.0%	77,222	50,000	(27,222)	-35.3%	50,000
Training, Interest and Other	35,418	85,656	50,238	58.7%	405,528	807,889	402,361	99.2%	1,074,467
Admin and Bldg Costs Allocated to AKF	(20,500)	(27,895)	(7,395)	26.5%	(346,238)	(252,564)	93,674	27.1%	(338,845)
<b>Total Expense</b>	<b>3,735,913</b>	<b>3,925,475</b>	<b>189,562</b>	<b>4.8%</b>	<b>34,810,614</b>	<b>35,140,366</b>	<b>329,752</b>	<b>0.9%</b>	<b>47,064,586</b>
<b>Net (Deficit) / Surplus (Before Contingency)</b>	<b>(59,544)</b>	<b>45,591</b>	<b>(105,135)</b>	<b>n/a</b>	<b>(589,470)</b>	<b>(67,264)</b>	<b>(522,206)</b>	<b>n/a</b>	<b>704,050</b>
<b>Contingency</b>	<b>-</b>	<b>(41,667)</b>	<b>41,667</b>		<b>-</b>	<b>(375,003)</b>	<b>375,003</b>		<b>(500,000)</b>
<b>Net (Deficit) / Surplus</b>	<b>(59,544)</b>	<b>3,924</b>	<b>(63,468)</b>		<b>(589,470)</b>	<b>(442,267)</b>	<b>(147,203)</b>		<b>204,050</b>

**Albertina Kerr Centers  
MTD Operating Recap  
For The Month Ending  
March 31, 2020**

	3/31/2020	3/31/2020	3/31/2020										
	MTD	MTD		MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	Annual
	Contract	Grant and	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	MTD	Budget
	and Program	Contribution	Other	Total	Direct	Margin	Indirect	Indirect	Total	Operating	Operating	Actual Vs.	
	Revenue	Revenue	Revenue	Revenue	Expenses	Generated	Expenses	Allocation	Expenses	Results	Budget	Budget	
<b>Programs</b>													
Adult Group Homes	1,268,996			1,268,996	1,233,759	35,237		27,053	1,260,812	8,184	(190,708)	198,892	(2,358,442)
<i>Clackamas Co. Group Homes &amp; CI</i>	419,638			419,638	428,553	(8,915)		9,418	437,971	(18,333)	(79,882)	61,549	(1,051,462)
<i>Multnomah Co. Group Homes &amp; CI</i>	323,355			323,355	315,811	7,544		6,600	322,411	944	(51,218)	52,162	(612,802)
<i>Washington Co. Group Homes &amp; CI</i>	189,212			189,212	156,320	32,892		3,577	159,897	29,315	(23,954)	53,269	(280,336)
<i>Marion Co. Group Homes &amp; CI</i>	336,791			336,791	333,075	3,716		7,458	340,533	(3,742)	(35,654)	31,912	(413,842)
Employment Services	65,919			65,919	155,150	(89,231)		2,920	158,071	(92,152)	(21,153)	(70,999)	(181,158)
Studios	73,300	8,333		81,633	109,109	(27,476)		1,603	110,712	(29,078)	(63,097)	34,019	(708,288)
Kids DD Group Homes	1,431,357	-		1,431,357	1,049,135	382,222		23,365	1,072,500	358,857	377,227	(18,370)	3,738,034
Transition-Aged Group Homes	241,132			241,132	270,389	(29,257)		5,599	275,988	(34,856)	(41,892)	7,036	(530,389)
Kerr Bikes	(15,454)			(15,454)	1,956	(17,410)		-	1,956	(17,410)	(3,749)	(13,661)	55,357
Outpatient Mental Health	50,607	-		50,607	111,472	(60,866)		1,444	112,916	(62,309)	5,707	(68,016)	(227,202)
Subacute	593,401	-		593,401	540,876	52,525		9,141	550,016	43,384	29,050	14,334	(162,917)
Behavioral Specialists	4,203			4,203	(4,866)	9,069		662	(4,204)	8,407	-	8,407	-
Program Oversight and Other	-	-	2,864	2,864	179,102	(176,238)		159	179,261	(176,397)	(70)	(176,327)	(1,065)
<b>Total Programs</b>	<b>3,713,461</b>	<b>8,333</b>	<b>2,864</b>	<b>3,724,659</b>	<b>3,646,083</b>	<b>78,576</b>	<b>-</b>	<b>71,945</b>	<b>3,718,028</b>	<b>6,631</b>	<b>91,315</b>	<b>(84,684)</b>	<b>(376,070)</b>
<b>Admin &amp; Other</b>													
Trfs from Foundation	-	(107,498)	-	(107,498)	-	(107,498)			-	(107,498)	(34,879)	(72,619)	1,040,478
Investment Spending Rate	-		27,285	27,285	-	27,285			-	27,285	27,285	-	327,420
Campus Buildings	-	-		-	9,977	(9,977)			9,977	(9,977)	(11,185)	1,208	(141,769)
Indirect Admin	7,503	-	24,421	31,924	82,730	(50,806)	(74,976)	-	7,754	24,170	(29,483)	53,653	(138,388)
Other Pooled Direct Costs	-	-		-	155	(155)			155	(155)	(462)	307	(7,621)
<b>Total Admin &amp; Other</b>	<b>7,503</b>	<b>(107,498)</b>	<b>51,706</b>	<b>(48,289)</b>	<b>92,862</b>	<b>(141,151)</b>	<b>(74,976)</b>	<b>-</b>	<b>17,886</b>	<b>(66,175)</b>	<b>(48,724)</b>	<b>(17,451)</b>	<b>1,080,120</b>
<b>Total Operating (Before Contingency)</b>	<b>3,720,964</b>	<b>(99,165)</b>	<b>54,570</b>	<b>3,676,370</b>	<b>3,738,945</b>	<b>(62,575)</b>	<b>(74,976)</b>	<b>71,945</b>	<b>3,735,914</b>	<b>(59,544)</b>	<b>42,591</b>	<b>(102,135)</b>	<b>704,050</b>
Contingency											(41,667)	41,667	(500,000)
Total Operating										(59,544)	924	(60,468)	204,050

**Albertina Kerr Centers  
YTD Operating Recap  
For The Month Ending  
March 31, 2020**

	3/31/2020	3/31/2020	3/31/2020										
	YTD	YTD		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	Annual
	Contract	Grant and	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	Budget
	and Program	Contribution	Other	Total	Direct	Margin	Indirect	Indirect	Total	Operating	Operating	Actual Vs.	
	Revenue	Revenue	Revenue	Revenue	Expenses	Generated	Expenses	Allocation	Expenses	Results	Budget	Budget	
<b>Programs</b>													
Adult Group Homes	11,570,659			11,570,659	11,937,198	(366,539)		991,947	12,929,144	(1,358,486)	(1,708,911)	350,425	(2,358,442)
<i>Clackamas Co. Group Homes &amp; CI</i>	3,842,758			3,842,758	4,190,509	(347,751)		342,440	4,532,949	(690,190)	(780,011)	89,821	(1,051,462)
<i>Multnomah Co. Group Homes &amp; CI</i>	2,934,170			2,934,170	2,962,575	(28,405)		247,150	3,209,725	(275,555)	(438,193)	162,638	(612,802)
<i>Washington Co. Group Homes &amp; CI</i>	1,758,248			1,758,248	1,530,912	227,336		131,568	1,662,480	95,768	(198,560)	294,328	(280,336)
<i>Marion Co. Group Homes &amp; CI</i>	3,035,482			3,035,482	3,253,201	(217,719)		270,789	3,523,991	(488,509)	(292,147)	(196,362)	(413,842)
Employment Services	1,321,024	5,000		1,326,024	1,361,200	(35,176)		105,084	1,466,284	(140,259)	(117,268)	(22,991)	(181,158)
Studios	792,538	80,000		872,538	1,148,061	(275,523)		85,836	1,233,897	(361,359)	(517,583)	156,224	(708,288)
Kids DD Group Homes	11,969,437	7,600		11,977,037	9,192,355	2,784,682		818,617	10,010,971	1,966,065	2,671,855	(705,790)	3,738,034
Transition-Aged Group Homes	2,037,668	-		2,037,668	2,305,907	(268,240)		181,206	2,487,113	(449,446)	(390,033)	(59,413)	(530,389)
Kerr Bikes	(31,415)	-	-	(31,415)	1,956	(33,371)		-	1,956	(33,371)	40,552	(73,923)	55,357
Outpatient Mental Health	1,020,350	15,000		1,035,350	1,118,450	(83,100)		87,353	1,205,803	(170,453)	(264,856)	94,403	(227,202)
Subacute	4,415,326	154,031		4,569,357	4,570,979	(1,622)		380,987	4,951,967	(382,609)	(201,893)	(180,716)	(162,917)
Behavioral Specialists	116,138	1,058		117,196	(20,002)	137,198		2,057	(17,945)	135,141			
Program Oversight and Other	-	20,365	25,778	46,143	300,396	(254,253)		159	300,555	(254,411)	(421)	(253,990)	(1,065)
<b>Total Programs</b>	<b>33,211,725</b>	<b>283,054</b>	<b>25,778</b>	<b>33,520,557</b>	<b>31,916,500</b>	<b>1,604,056</b>	<b>-</b>	<b>2,653,245</b>	<b>34,569,745</b>	<b>(1,049,188)</b>	<b>(488,558)</b>	<b>(695,771)</b>	<b>(376,070)</b>
<b>Admin &amp; Other</b>													
Trfs from Foundation/Workforce Housing	-	261,000	(97,598)	163,402	-	163,402			-	163,402	551,436	(388,034)	1,040,478
Investment Spending Rate	-	-	245,565	245,565	-	245,565			-	245,565	245,565	-	327,420
Campus Buildings	-	-		-	90,580	(90,580)			90,580	(90,580)	(108,214)	17,634	(141,769)
Indirect Admin	12,979	365	219,787	233,130	2,880,406	(2,647,275)	(2,787,235)	-	93,171	139,959	(261,258)	401,217	(138,388)
Other Pooled Direct Costs	-	58,490		58,490	57,118	1,372			57,118	1,372	(6,235)	7,607	(7,621)
<b>Total Admin &amp; Other</b>	<b>12,979</b>	<b>319,855</b>	<b>367,754</b>	<b>700,587</b>	<b>3,028,104</b>	<b>(2,327,516)</b>	<b>(2,787,235)</b>	<b>-</b>	<b>240,869</b>	<b>459,718</b>	<b>421,294</b>	<b>38,424</b>	<b>1,080,120</b>
<b>Total Operating (Before Contingency)</b>	<b>33,224,704</b>	<b>602,909</b>	<b>393,532</b>	<b>34,221,144</b>	<b>34,944,604</b>	<b>(723,460)</b>	<b>(2,787,235)</b>	<b>2,653,245</b>	<b>34,810,614</b>	<b>(589,470)</b>	<b>(67,264)</b>	<b>(657,347)</b>	<b>704,050</b>
Contingency										-	(375,003)	375,003	(500,000)
Total Operating										(589,470)	(442,267)	(147,203)	204,050

**Albertina Kerr Centers  
Balance Sheet  
For The Month Ending  
March 31, 2020**

	<u>Balance</u> <u>March 31, 2020</u>	<u>Balance</u> <u>February 29, 2020</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>Balance</u> <u>March 31, 2019</u>
<b>Assets:</b>					
Cash and Cash Equivalents	\$267,226	\$929,767	(662,541)	-71.3%	\$1,131,807
Contract/Program Receivables	2,865,911	2,515,227	350,683	13.9%	2,676,858
Less: Allowance for Doubtful Accounts	(39,025)	(38,221)	(805)	2.1%	(141,623)
Contributions Receivable	5,671	(4,994)	10,665	-213.6%	(4,728)
Other Receivables	32,972	192,467	(159,495)	-82.9%	114,073
Prepaid Expenses, Deposits & Other Current Assets	425,970	379,642	46,328	12.2%	515,345
Other Long-Term Assets	42,953	43,829	(876)	-2.0%	175,450
Fixed Assets, Net	16,076,599	16,045,108	31,491	0.2%	14,862,036
Due From / (To) Other Funds	(3,763,673)	(3,615,503)	(148,170)	4.1%	(2,914,343)
<b>Total Assets</b>	<b>15,914,604</b>	<b>16,447,322</b>	<b>(532,718)</b>	<b>-3.2%</b>	<b>16,414,875</b>
<b>Liabilities:</b>					
Accounts Payable and Accrued Expenses	936,866	1,460,675	(523,809)	-35.9%	470,622
Accrued Payroll Liabilities	509,172	508,829	344	0.1%	809,785
PAL Liability	782,000	687,876	94,124	13.7%	593,971
Contract Overpayments/Advances	198,385	206,591	(8,206)	-4.0%	257,577
Unemployment Reserve	294,324	278,467	15,857	5.7%	212,438
Long-term debt	4,440,648	4,492,133	(51,484)	-1.1%	4,889,860
<b>Total Liabilities</b>	<b>7,161,396</b>	<b>7,634,571</b>	<b>(473,175)</b>	<b>-6.2%</b>	<b>7,234,253</b>
<b>Total Net Assets</b>	<b>8,753,208</b>	<b>8,812,751</b>	<b>(59,543)</b>	<b>-0.7%</b>	<b>9,182,726</b>
<b>Total Liabilities and Net Assets</b>	<b>15,914,604</b>	<b>16,447,322</b>	<b>(532,718)</b>	<b>-3.2%</b>	<b>16,416,979</b>

**Albertina Kerr Centers, Foundation, and Kerr Bikes  
Consolidated Statement of Activities  
As of March 31, 2020**

<b>Revenue</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Change F/(U)</b>
Contract and Program Revenue	3,741,976	3,947,251	(205,275)	-5.2%
Contribution and Event Revenue (Net of Expenses)	93,415	119,512	(26,097)	-21.8%
Sales to the Public (Net of Cost of Goods Sold)	12,582	44,799	(32,217)	-71.9%
Investment Income	(839,478)	28,477	(867,955)	-3047.9%
In-Kind Contributions	4,350	8,958	(4,608)	-51.4%
<b>Total Revenue</b>	<b>3,012,845</b>	<b>4,148,997</b>	<b>(1,136,152)</b>	<b>-27.4%</b>
<b>Expenses</b>				
Salaries & Wages	2,625,223	2,664,970	39,747	1.5%
Employee Benefits	384,794	353,024	(31,770)	-8.3%
Payroll Taxes	232,538	241,729	9,191	4.0%
Contracted Direct Labor	8,265	4,830	(3,435)	-41.6%
Other Employee Related Costs	23,355	36,097	12,742	54.6%
Professional Fees & Insurance	54,512	58,912	4,400	8.1%
Telecommunications	35,802	149,696	113,894	318.1%
Facilities & Occupancy	279,541	279,703	162	0.1%
Equipment	25,965	28,540	2,575	9.9%
Program & Office Supplies	135,743	100,645	(35,098)	-25.9%
Vehicle Expenses	31,228	51,084	19,856	63.6%
PR & Fundraising	12,668	42,579	29,911	236.1%
Training & Other	43,610	89,798	46,188	105.9%
<b>Total Expenses</b>	<b>3,893,243</b>	<b>4,101,607</b>	<b>208,364</b>	<b>5.4%</b>
<b>Net Income / (Loss) Before Contingency</b>	<b>(880,399)</b>	<b>47,390</b>	<b>(927,789)</b>	<b>-105.4%</b>
Contingency	-	(41,667)	41,667	
<b>Net Income / (Loss)</b>	<b>(880,399)</b>	<b>5,723</b>	<b>(886,122)</b>	

**Albertina Kerr Centers, Foundation, and Kerr Bikes**  
**Consolidated Statement of Activities**  
**Year to Date March 31, 2020**

	Actual	Budget	Variance	% Change F/(U)
<b>Revenue</b>				
Contract and Program Revenue	33,290,117	33,648,078	(357,961)	-1.1%
Contribution and Event Revenue (Net of Event Expenses)	2,168,210	2,000,494	167,716	8.4%
Sales to the Public (Net of Cost of Goods Sold)	538,888	521,287	17,601	3.4%
Investment Income	(718,794)	256,291	(975,085)	-380.5%
In-Kind Contributions	107,494	190,625	(83,131)	-43.6%
<b>Total Revenue</b>	<b>35,385,915</b>	<b>36,616,775</b>	<b>(1,230,860)</b>	<b>-3.4%</b>
<b>Expenses</b>				
Salaries & Wages	23,958,923	23,680,081	(278,842)	-1.2%
Employee Benefits	3,244,143	3,191,960	(52,183)	-1.6%
Payroll Taxes	2,242,049	2,179,805	(62,244)	-2.8%
Contracted Direct Labor	164,581	61,971	(102,610)	-62.3%
Other Employee Related Costs	296,429	325,993	29,564	10.0%
Professional Fees & Insurance	599,555	543,552	(56,003)	-9.3%
Telecommunications	926,368	1,277,358	350,990	37.9%
Facilities & Occupancy	2,539,733	2,566,696	26,963	1.1%
Equipment	279,595	258,639	(20,956)	-7.5%
Program & Office Supplies	999,501	1,011,394	11,893	1.2%
Vehicle Expenses	315,618	456,955	141,337	44.8%
PR & Fundraising	350,277	295,636	(54,641)	-15.6%
Training & Other	516,002	823,315	307,313	59.6%
<b>Total Expenses</b>	<b>36,432,775</b>	<b>36,673,355</b>	<b>240,580</b>	<b>0.7%</b>
<b>Net Income / (Loss) Before Contingency</b>	<b><u>(1,046,860)</u></b>	<b><u>(56,580)</u></b>	<b><u>(990,280)</u></b>	<b>-94.6%</b>
Contingency	-	(375,003)	375,003	
Net Income / (Loss)	(1,046,860)	(431,583)	(615,277)	

**Albertina Kerr Centers, Foundation, and Kerr Bikes  
Consolidated Statement of Financial Position  
As of March 31, 2020**

	3/31/2020	2/29/2020	12/31/2019
Assets:			
Cash and Cash Equivalents	420,086	1,164,028	1,208,586
Cash Held for Others	145,828	145,828	145,521
Investments	8,202,136	9,041,614	9,437,229
Accounts Receivable	2,953,376	2,603,358	2,522,718
Less: Allowance for Doubtful Accounts	(39,025)	(38,221)	(37,432)
Grants Receivable	-	-	(25,000)
Contributions Receivable	74,983	91,494	3,791
Other Receivables	32,972	192,467	158,021
Prepaid Expenses, Deposits and Other Current Assets	438,643	394,896	527,827
Charitable Remainder Trusts Receivable	344,574	344,574	344,574
Other Long-Term Assets	82,961	83,837	92,185
Fixed assets, Net	22,229,842	22,209,404	21,556,345
<b>Total Assets</b>	<b>34,886,377</b>	<b>36,233,281</b>	<b>35,934,365</b>
Liabilities:			
Accounts Payable and Accrued Expenses	1,296,828	1,282,958	908,929
Accrued Payroll Liabilities	513,006	496,041	249,835
Personal Accrued Leave (PAL) Liability	766,431	687,876	523,352
Contract Overpayments/Advances	87,496	127,763	254,125
Unemployment Reserve	294,324	278,467	315,047
Long-Term Debt	4,440,648	4,492,133	4,551,920
<b>Total Liabilities</b>	<b>7,398,733</b>	<b>7,365,238</b>	<b>6,803,208</b>
Net Assets:			
Available for General Operations	17,206,213	18,586,612	17,593,501
Temporarily Restricted Net Assets	8,027,311	8,027,311	9,275,653
Permanently Restricted Net Assets	2,254,119	2,254,119	2,262,003
<b>Total Net Assets</b>	<b>27,487,644</b>	<b>28,868,043</b>	<b>29,131,157</b>
<b>Total Liabilities and Net Assets</b>	<b>34,886,377</b>	<b>36,233,281</b>	<b>35,934,365</b>

# AUDIT ISSUE UPDATE

May 5, 2020

## Material Weakness:

Issue	Remediation	Status
Review and reconciliation of account balances	Account reconciliations completed by 8 employees – those who know the activity reconcile it (e.g. Revenue Cycle confirms receivables). Prioritized Balance Sheet by accounts with prior audit issues and on PBC list. Working associated revenue and expense accounts as well.  Current year activity over 96% reconciled. Working to resolve beginning balance detail/clearance. All reconciliations reviewed and approved by Controller. Final 8 accounts to be reconciled by end of May.	
Ongoing Review of Payroll	CEO and CFO review all payroll bonuses and employee changes each pay period. Processes documented.	

## Significant Deficiencies:

Issue	Remediation	Status
Reconciliation of Accounting Records to the Donor Database	Current year reconciled. Accounting and Development began meeting monthly in October and standing agenda items include: deposits, restricted gifts and in-kind contributions. Minutes include action items.  Prior period restricted transfer reconciliation will be completed by the end of May.	
Double Recording of Health Share Revenues	Process documented and reconciliations completed by Revenue Cycle leaders.	
Double Payment of Invoice	Fundamental system issues with Avid and Blackbaud. Transitioned from Avid to in-house. Streamlined payment approach with single ownership.	
In-Kind Contributions	Discussion of in-kind contributions part of monthly discussion with Accounting and Development.	
Tracking of Restricted Grants and Contributions	Accounting sends in advance and reviews restricted grants and gifts as part of monthly Development/Accounting meeting.	



# FINANCE PRIORITIES

May 5, 2020

Priority	Issue	Impact	Action	Status	Due Date
1	Stabilize Staff – Filled 5 vacancies since September - 2 in December. Silos.	Timing of Close and reconciliations	Train and Cross-pollinate	On-boarding, documentation and communication	March
2	Payroll – September Paycom Conversion; Smoothing – contracts are based on daily rates	Timing of Close/ Inherited design of 40K+ lines/ Reconciliations	Streamline, Reconcile and Document	Complete	January
3	Allocations are unduly complex and calculated offline	Timing of the close – Current approach takes over a day	Simplify and embed in new reporting module	Current model working – participating in new module pilot in May	February
4	Intercompany Transfers – No documentation and reconciliations lapsed with consolidated audit	Overall none – impacts Centers P&L	Incorporate new agency structure into new reporting module	Parallel in May and June to be ready July 1	March
5	Reporting systems are broken. General Ledger rollup takes two hours and reporting system has mapping issues.	Timing of Close; Rely on prior Controller's password to upload data	Upgrade systems to current versions with integrated allocations and reporting. Identify gaps and correct.	Blackbaud upgrade completed 3/2. Configuring all reports and developing budgets.	March
6	Reconciliations – Need to speed close to have time for this	Accuracy of financials	Assigned lead and tracking progress	96% of key balance sheet accounts reconciled	April

## Intercompany Findings:

Issue	Root Cause	Remediation
"Sweeps" mask prior period activity	Restricted assets are swept in to Net Assets at year end leaving no trail	Rebuild documentation and monthly monitoring
Unduly complex – 37 intercompany lines	Transfers within sub-funds of the same funds/legal entities	Explore simplification with agency structure redesign, Blackbaud and audit support
Reconciliations lapsed – no documentation	Time restricted depreciation expense for time restricted assets not completed since June 2018	Incorporate entries into monthly close process