

Finance Committee Meeting Minutes

Tuesday, March 26, 2024

# Call to Order

# Ben Kisner called the meeting to order at 5:30 p.m.

# Introduction of Board and Guests

Board Members present: George Mitchell, Tedi Rowland, Stuart May, Ben Kisner, Susan Borgmeyer, Tammy Kemp, Jillian Raining Bird, Ed Van Haele.

Board Members Absent: Libia Kozisek.

The required quorum was present.

Staff present: Robin Myers, Amanda George, Tom Holcomb, Jorgi McNamara, Shannon Maloney-Navarro, Kristen Yates, Tracy Mauk, Ashley Garetson, Jillian Braun, Amy Newport.

Guests Present:

Mayer Hoffman McCann – Terrance Waldren, Brooke Carlstedt

CDD – Karrie Duke

Mattie Rhodes – Daniel Guzman, Alicia Gambino, Laura Kennedy, David Stadler

Ability KC – Joseph Jefferson

Southeast Enterprises – Lauren Hall

Blue Valley Industries – Alex Slagle. Brian Hogan

Job One – Anne Hochstein

**2023 Audited Financial Statements Presentation**

Terrance Waldren reviewed the audited financial statements for 2023. There were no issues noted during the audit. The balance sheet had only big change; disposition of the job One buildings. The liabilities and fund balance are consistent as well. 2023 was a similar year as 2022 as far as the balance sheet side. On the statement of revenue, expenses and changes in fund balance, year to year the biggest change is the gain on disposal of the assets. Part of that is non-cash, with the contribution of one building, and sale of one property, along with some equipment we got rid of during the year. It added up to approximately $2.3 million gain. The interest and investment income went up a lot due to the treasury bills as investments this year. For expenses, the main three programs are case management, transportation and grants and other programs. Case management and transportation were similar year to year, grants and other programs went up due to the transfer of the building. The fund balance without donor restrictions available for the daily operations was approximately a $2.1 million increase. Last year there was a small grant from Health Forward Foundation, listed on Donor Restrictions line, for $50,000, $16,000 of that was spent this year. There is $2.1 million increase in the overall fund balance, known as equity in a for profit entity. In the breakdown of the functional expenses the program expenses number, which is about $19.7 million, was about 89.4% of total expenses. $0.90 of every dollar spent on program while the other $0.10 is management. 2022 was a bit less, but very consistent year to year. Tom Holcomb pointed out that this portion of the statement is the only place you will see the granularity in the expenses. The majority of eitas expenses are in payroll and grants to agencies. Terrance continued to go over the final statement of the financials, the statement of cash flow. Cash flow from operations was approximately $1.7 million. Cash flows used in investing activities was about $1.1 million. This represents the investments, fixed assets, all of the property. Net overall for the year the organization had about $490,000 increase in cash compared to a decrease last year of approximately $600,000. The last portion of the report contains notes to the financial statements. Most of the items are consistent year to year. In the receivables there was a standard that changed that eitas adopted that requires a different method for looking at credit losses. Under the investment section of the notes there were some new disclosures added. At the end of this year the cost of securities held was about $2.95 million. The fair value was just over $2.97 million. There is a $21,000 increase from the valuation. Under property and equipment section there is a breakdown of the building sales and how that took place. Under liquidity disclosures one of the standard requirements from a few years ago was to break out how much could be used for operations over the next year if necessary, which was done here. A communication letter will be sent out that goes over what the auditors are required to communicate regarding the audit. At the end of the letter are two comments. One is IT Security threats and being aware. The other comment was a result of a new auditing standard that was applied that required the auditors to look at the controls related to IT processes, accounting software, etc. They would like to recommend to the organization that we obtain and evaluate the SOC 2 report that describes a service organization’s controls in place to protect against IT threats. Tom gave a response to the comments Terrance made saying that we agree with the comments. Regards to the SOC 2 comment, NetStandard has already contacted our software provider to get the SOC 2 report. Tom stated that once he receives the report from the company who hosts the accounting software it will be reviewed with NetStandard to identify if there are implications for our internal controls that should be reconsidered. The comment regarding Information Technology, Tom and NetStandard are already working to make our IT Security more robust. Tom has a monthly meeting with our Clarity CIO from NetStandard where risks are discussed and decisions are made to protect and improve security. Beginning in 2024 certain eitas leaders and NetStandard have begun to have quarterly meetings and have had their first meeting. Eitas is making great progress in this area.

New Business

# No new business.

# Old Business

# No old business.

# Public Comment

No public comment.

# Adjournment

Ben Kisner asked for a motion to move to adjourn the Finance Committee meeting. Susan Borgmeyer so moved. Jillian Raining Bird seconded. Meeting adjourned at 5:53 p.m.