**COLUMBIA COUNTY COMMUNITY HEALTHCARE CONSORTIUM. INC.**

**MEETING NOTES**

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| **Committee: Budget and Finance** | **Date: July 17, 2018** |
| **Board Members Attending: Jack Mabb (Chair), Bob Gibson, Jim Campion, Ken Stall, Chelly Hegan****Board Members Absent: PJ Keeler** | **Guests: Bob Hennes** |
| **Staff Members Attending: Claire Parde and John Ray** |
| **TOPIC**  | **SUMMARY OF TOPIC DISCUSSED** |
| Highlights from the Financial Reports  | The Committee inspected the Organization’s Financial Reports, including the Accounts Receivable Aging Summary, the Statement of Financial Position (Balance Sheet), Statement of Activities (Income Statement) for the agency and transportation program, respectively, and the Statement of Revenues, Supports and Expenses, all of which are current to June 30, 2018. Additionally, John Ray offered his “Fiscal Highlights” report (see attached).  |
| Bob Hennes  | Bob Hennes, Director of NonProfit Services for Hugh Johnson Advisors, joined the Committee as its guest. Bob had previously reviewed the Consortium’s investment portfolio and its investment policy. He made the following observations about the investment portfolio:* All assets are invested in mutual funds of the types that “brokers/financial advisors” would use. He cautions that brokers are not registered investment advisors and are held to different, and less rigorous, standards.
* He noted that at least one of the funds is of the 12B1 type, in which there is an ongoing charge to the fund for the broker. He noted that this was an “expensive” type of fund to maintain.

Discussion then turned to the draft investment policy, which is compliant with the New York Prudent Management of Institutional Funds Act (NYPMIFA) of 2010. Speaking to the Committee’s initial concern with the first draft of the policy reviewed at the prior meeting, Bob confirmed that the fund is, by definition, an endowment, variably referred to as a “quasi-endowment” or “board-designated endowment.” However, recognizing that people often have a narrow concept of endowments that may lead to misunderstanding, he thereafter referred to it as a Reserve Fund; the policy was updated accordingly. The Committee discussed the policy in some depth, ultimately agreeing that Claire will make the following changes and circulate a revised policy prior to the next meeting:* Include language barring, at a minimum, investment in companies that derive more than 10% of its income from the manufacture of tobacco products or their components.
* Prohibiting acceptance of restricted stock gifts

Bob will send sample language regarding socially-responsible investing. It was agreed that the aim is to finalize the policy and move to recommend it for approval at the Committee’s September meeting for consideration at the meeting of the Entire Board in October. The Committee then asked Bob for guidance about selecting and monitoring an investment advisor. Bob recommends contacting two or three candidates who would be invited to meet with the Committee. In addition to providing the Investment Advisor with the investment policy, once finalized and adopted, the Committee should also develop a one-page set of expectations for the manager. These expectations should include providing regular performance reports against benchmarks. Bob graciously offered to help the Committee develop a monitoring plan and tools. He also offered to review the portfolio on a semi-annual basis.  |
| Review of Fiscal Policies | Claire reviewed key changes that were proposed to the fiscal policies. Among several key decisions made by the Committee were the following:* An agreement that staff will prepare an annual operating budget for review and approval by the Board of Directors
* An agreement that the Executive Director has the authority to execute all contracts on behalf of the agency.

It was recommended that Claire review the job description for the Executive Director to ensure that it explicitly states that she/he has the authority to sign contracts and checks so it and the revised policy will be consistent. Claire to follow up. Claire will update the policies and recirculate to the Committee. It was agreed that the aim is to finalize the fiscal policies and move to recommend them for approval at the Committee’s September meeting for consideration at the meeting of the Entire Board in October. |
| Next mtng | The next meeting is **September 18th** **at 3:00 p.m.** |

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| **Finance & Budget Committee Meeting** |
|  **Fiscal Highlights** |
| **Tuesday, July 17, 2018** |
| Statement of Financial Position |
|  **Cash** - Cash balance in the operating checking account started the year off with $283K and ended with $195K at June 30, 2018. Low balance on May 11th was $153K & the high balance on March 2nd was $367K. Average daily balance for the 2017 & 2018 years were $323K and $256K, respectively. |
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|  **Grant Receivable -**  As of June 30, 2018 our Grant Receivable is $311K. Expectation is that we will collect on all receivables. The average collection period for 2017 was 70 days. Summary of Grants Receivable at June 30, 2018 is as follows: |
|  |  |  | Amount $ |  |  |  |
|  |  | Rural Health Network Program | 44,001  |  |  |  |
|  |  | Navigator Health Program | 69,544  |  |  |  |
|  |  | Tobacco-Free Program | 124,720  |  |  |  |
|  |  | Cancer Services Program | 18,487  |  |  |  |
|  |  | Transportation-Medicaid | 22,118  |  |  |  |
|  |  | Other Columbia County Programs | 29,050  |  |  |  |
|  |  | Greene County DSS | 3,411  |  |  |  |
|  |   | Total Grant Receivables | $311,331  |  |  |  |
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|  **Investment - Infinex Financial-Securities** - As of June 30, 2018, investment account value of six mutual funds is $164,895. Initial investment during March 2016 was $152,036 or $25.3K per mutual fund |
|  | **Fund** | **Beginning Balance** | **Income** | **Transfer** | **Unrealized Gains** | **Ending Balance** | **Percent Total Assets** |
|  |   |  $ (0) |   |  $ (20) |   |  $ (20) |   |
|  | FCISX  |  28,579  |  870  |  12,500  |  (1,399) |  40,554  | 25% |
|  | FRUGX  |  24,970  |  160  |  (10,000) |  (435) |  14,699  | 9% |
|  | FRGSX  |  32,561  |  -  |  14,000  |  1,320  |  47,887  | 29% |
|  | FCSCX |  25,066  |  201  |  (4,000) |  (162) |  21,107  | 13% |
|  | FSGCX  |  26,568  |  297  |  (5,000) |  (671) |  21,196  | 13% |
|  | TEGBX |  27,193  |  345  |  (7,500) |  (567) |  19,473  | 12% |
|  |   |   |   |   |   |   |   |
|  | **Totals** |  **$ 164,938**  |  **$1,872**  | **0**  |  **$ (1,915)** |  **$ 164,895**  | **100%** |
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|  | **TEGBX**-Templeton Global Bond Fund Class C - Strategy: The Fund seeks current income with capital appreciation and growth of income by investing at least 80% of its net assets in "bonds." In addition, the Fund's assets will be invested in issuers located in at least three countries including the U.S. |  |
|  | **FSGCX**-Franklin Templeton Strategic Income Fund Class C - Strategy: The Fund seeks to earn a high level of current income. Its secondary goal is capital appreciation over the long term. The Fund invests at least 65% of its assets in U.S. and foreign debt securities. |  |
|  | **FCSCX**-Franklin Adjustable US Government Securities Fund Class C- Strategy: The Fund seeks a high level of current income while providing lower volatility of principal than a fund that invests in fixed-rate securities. The Fund invests at least 80% of its net assets in adjustable-rate U.S. government mortgage securities. |  |
|  | **FRGSX**-Franklin Growth Series Class C- Strategy: The Fund seeks capital appreciation. The Fund primarily invests in equity securities that are leaders in their industries. |  |
|  | **FRUGX**-Franklin US Government Securities Series Class C- Strategy: The Fund seeks income. Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities. The Fund presently invests substantially all of its assets in Government National Mortgage Association obligations (Ginnie Maes). |  |
|  | **FCISX**-Franklin Income Series Class C- Strategy: The Fund seeks to maximize income while maintaining prospects for capital appreciation. The Fund will achieve this by investing in a diversified portfolio of debt and equity securities.  |  |
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|  **Equipment, Furniture & Vehicles** -We purchased $4,000 for new computer equipment and $21,894 for new Ford Taurus vehicle. |
|  | **Month in Service** | **Funding Source** | **Supplier** | **Description** | **Cost** |  |
|  | Mar-18 | RHN |  Intelligent Technology Solutions  | Dell Optiplex 7450 |  $2,094  |  |
|  | Mar-18 | RHN |  Intelligent Technology Solutions  | Dell Latitude Laptop |  $1,010  |  |
|  | Mar-18 | RHN |  Intelligent Technology Solutions  | Samsung Galaxy Tablet |  $ 896  |  |
|  | Apr-18 | Agency |  Genesee Valley Ford  | 2018 Ford Taurus FWD SE |  $21,894  |  |
|  |  |  |  |  | Total |  $25,894  |  |
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| **Accounts Payable -** At June 30, 2018, accounts payable lability is $36,245 and all AP liability is being paid timely within 28 days except CSP Clinical Services which gets paid once NYS pays CCCHC. Amount due to iHeart Media for Tobacco-Free advertising was $18,385.  |
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|  **Line of Credit** - Received notification from The Bank of Greene County. Bank renewed our $100,000 line for another twelve months until August 1, 2018. Request recently submitted to renew line for another twelve months. |
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|  **Advance Funding Payable** - When the Agency receives a deposit for work to be done in the future, it recognizes it by debiting (increasing) cash and crediting (increasing) a deferred revenue account or "Advance Funding Payable"(a liability account). This transaction doesn't affect the income statement -- the deferred revenue is not really a revenue per se. The deferred account functions like a holding place, until services are provided. The entire transaction affects only balance sheet accounts. Once the service is provided, a "real" revenue is recognized with an entry that debits (decreases) the deferred account and credits (increases) the revenue account. Program income received in advance consist of the following as of June 30, 2018, |
|  | **Fund Name** | **Beginning Balance at January 1st**  | **+ Contributions** | **<Distributions>** | **Ending Balance at June 30, 2018** |  |
|  | **Foundation for Community Health** |  |  |  |  |
|  | Rx Access |  8,728  |  |  (1,497) |  7,231  |  |
|  | FCH Transportation |  25,000  |  |  (12,408) |  12,592  |  |
|  |  Efficiency Study |  |  18,000  |  (9,000) |  9,000  |  |
|  | **Dyson Foundation** |  |  |  |  |  |
|  | Prescription Access |  4,081  |  18,000  |  (8,291) |  13,790  |  |
|  | **NYS Grant Advances** |  |  |  |  |  |
|  | CSP |  2,878  |  |  (2,878) |  -  |  |
|  | Tobacco Free |  38,365  |  |  (38,365) |  -  |  |
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|  | **Total Advance Funding Payable** |  $80,798  |  $36,000  |  $(74,185) |  $42,613  |  |
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|  **Temporary Restricted Funds** - Temporarily restricted net assets are donated contributions that have only a one-sided economic benefit and are restricted to a specific period of time or set of conditions. To decrease this revenue employ another account named Net Assets Released From Restrictions, which reports revenue. Below temporarily restricted net assets represents donations to be used for the following specific program purpose as of June 30, 2018:  |
|  | **Fund Name** | **Beginning Balance at January 1st**  | **+ Contributions** | **<Distributions>** | **Ending Balance at June 30, 2018** |  |
|  | Columbia County -CARTS & Receptionist |  -  |  50,000  |  (25,000) |  25,000  |  |
|  | Columbia County Depts.-CARTS |  -  |  19,000  |  (9,500) |  9,500  |  |
|  | Columbia County Cancer Fund |  22,810  |  2,750  |  (4,779) |  20,781  |  |
|  | Greene County Cancer Fund |  9,543  |  2,040  |  (2,860) |  8,723  |  |
|  | Complementary Therapies Fund |  5,385  |  |  (675) |  4,710  |  |
|  | Jan Koweek Fund |  1,101  |  |  -  |  1,101  |  |
|  |  |  -  |  |  -  |  -  |  |
|  | Totals of Temporary Restricted Funds |  $ 38,839  |  $ 73,790  |  $ (42,814) |  $ 69,815  |  |