

WACOSA Board of Directors Meeting
November 22, 2021
5:30 PM

Members Present:

Jon Archer
Jennifer Johnson
Joe Perske
Lindsey Rennie
Laura Krueger
Herb Trenz
Ron Brandenburg
Jeffrey Benveniste
Jeff Murphy
Leroy Northam
Mollie Garden
Sandie Westergren
Matt DesJardins
Curt Gainsforth

Members Absent:

Karla Myres

Staff Present:

Steve Howard
Nancy Betts
Traci McKinnon
Julie Haag
Pat Flicker

Ed Stracke

KARLA MYRES RECOGNITION

Karla Myres will be going off the board at the end of this year, having completed nine consecutive years. The board would like to thank Karla and express its deepest appreciation for her contributions, both on the full board and for her work as the Development Committee Chair. She will be missed. Steve will coordinate getting her engraved clock to her, since she could not attend the meeting this evening.

WELCOME NEW BOARD MEMBERS AND STAFF

Welcome Pat Flicker, WACOSA's new Fund Development Manager and Curt Gainsforth and Matt DesJardins, new board members.

1. APPROVAL OF CONSENT AGENDA

There are four items on the consent agenda. Jon A. requested a motion to approve the consent agenda. Motion made by Ron B., Sandie W. second. Motion passed.

2. FINANCE COMMITTEE REPORT

Traci M. gave an update on grants received by the state and feds related to COVID. The PPP loan received at the end of January was forgiven in November for 1.2 million. In early November, WACOSA received \$308k in the Employee Retention grant. Traci is expecting another \$640k of Employee Retention grant money for the 3rd quarter of 2021. She expects to receive this by end of December. Unemployment booked last year in the

amount of \$208k was forgiven in October. We have applied for another provider relief grant. Last year we received almost \$900k. We have a couple of good grants coming in and some large amounts that have been forgiven.

The budget was reviewed with the finance committee in detail. One important thing to note is that we are still maintaining or working to maintain a cash neutral position. Reserves have not been touched to date. We also maintain a line-of-credit with Bremer Bank that we have not yet needed to access.

Traci M. shared a condensed version of the budget, going over key points of comparison from last year to this year, as well as what is being budgeted for 2022.

At the end of 2021, we are expecting cash to be at 1.2 million in the operating and cash accounts, and 4.9 million in money market and investments. Jeff B. asked Traci M. to look into shifting approximately \$750K out of the money market account into short term investments so that we can get a little bit more return through our investment account verses the money market.

Revenues – Standard, pre-COVID revenue is approximately 7 million dollars. Through 2020, which included a shut down for a couple of months and limited capacity, it was 2.5 million. We slowly increased in 2021 to 4.1 million, and in 2022 we are expecting to go up a bit more. We are also anticipating a 7% rate increase for some clients, depending upon when their individual agreements are renewed. We are anticipating bringing more people back in 2022. However, we are remaining conservative because we do not know how the Delta variant is going to affect WACOSA.

Vocational – This income generally includes Thriftworks! and our cleaning crews, along with shred income. We dropped revenue expectations in this area for 2022 since we have a number of crews expected to come back but we do not have many workers to fill the crews. Also, production is down just a little but ThriftWorks! is up and is anticipated to go up by at least four percent in 2022.

Contributions – Contributions remain 1.2 million due to the Provider Relief Grant this year. The Bartlett's fundraiser money of approximately \$300K is included in this number, along with various additional grants that Pat F. has secured for WACOSA. We anticipate seeing about 7.2 million in revenue for the year.

Expenses – The biggest increase in expenses for 2022 is expected to be staff wages and related costs. We have budgeted for client numbers to bounce back slowly, with staff being hired back at the rate clients are brought back.

In terms of medical costs, WACOSA is self-funded. Remaining so, we are expecting this format to keep our premiums for both staff and WACOSA relatively neutral when compared to 2021. Additionally, we will be increasing our deductible from \$40K to \$50K to help prevent additional increases.

Client Wages and Related Costs – These costs are being increased a little over 2021. We are hoping to get more of our crews out working. We are also hoping to see a rebound with both production and shredding.

Advertising and Public Relation expense increased a bit. Not a great deal of money was used in this area in 2021, since WACOSA's services were closed for a period of time and there was less of a need to spend money in this area at that time.

Miscellaneous Expenses – The expense in this area will be greater than usual in 2022 in light of the impending CARF survey taking place. In addition, Ed Stracke's wages are in this category.

For 2022, we anticipate the change in net assets to be an approximate 1.2 million dollar deficit. In 2021, our year-end finish would have been a loss of approximately 1.6 million dollars. However, with the additional CARES money and support, we are projecting we may end the year with a positive number.

Steve H. met with Ed today and revisited his contract. Steve and Ed both agreed to extend Ed's contract through 2022. Ed is doing a good job of teaching Pat F. everything she needs to know to eventually continue her work without his assistance at some future time when Ed fully retires.

Traci M. requested a motion to approve the 2022 budget. Leroy N. motioned to approve. Jeff M. second. Motion passed.

3. FUND DEVELOPMENT REPORT

Pat F. thanked board members for participating in the recent Give-to-the-Max fundraising drive. As of today, \$13,485 came in from this effort. Typically, \$2,200-\$2,500 is what we have netted from this effort in the past. The WACOSA Board agree to provide matching grant dollars is believed to be a key reason this effort was so successful. Pat F. looked at individuals who gave to the Annual Appeal last year and gave to Give-to-the-Max this year. Maybe 5 to 6 people normally give to the Annual Appeal in this group so Pat is confident that the Give-to-the-Max effort should not negatively affect the Annual Appeal.

Pat reported that several grants are currently in the pipeline, including the 5310 vehicle grant, a CLA grant, and a state art grant to conduct program services in Sauk Centre. Additionally, the City of Waite Park granted WACOSA \$4k and Benton Telecommunications awarded WACOSA a \$25k grant to be used for installing a trash compactor for the thrift store. Pat stated that we are also continuing to seek out grants to help furnish 1st Ave. with various pieces of equipment they need.

Steve shared that John McDowall gave us \$30K, which will also be used to help supplement the remaining funds to purchase the trash compactor. Nancy B. commented that, between the Benton Telecommunications grant and the McDowall donation, we should be able to cover above 90 percent of the project. Installation of the compactor must be done in two stages: we just finished pouring the concrete pad it will sit on and

the the compactor is being built and will be shipped to us when complete. This will probably occur sometime in early spring.

Pat F. shared that annual appeal letters went out last week. Last year, WACOSA's Annual Appeal netted approximately \$28K.

Ed S. shared that Pat is a great addition to the WACOSA team and to the Development effort. He and Pat took a road trip recently to Sauk Centre to visit donors. Ed commented that Pat interacted with donors very effectively during this trip and he is convinced she will be an excellent ambassador for WACOSA in the years that follow.

Planned giving effort. Ed reported that, in the Planned Giving Assessment he completed last year, there was a list of priority recommendations. The fifth one on this list was to complete a case statement. We have now done that and we've presented it to the Fund Development Committee. A case statement is like a prospectus for investors. The case is very specific for planned giving and the endowment fund, both of which could be funded by estate gifts. From Ed's experience, the larger the gift consideration, the more information and assurance the prospect wants. The person is basically investing in the future of WACOSA. If a person expresses an interest in supporting WACOSA with an estate gift, this document will be used to help provide more detailed information to move from interest to action. The report has basic information about history, services, location, funding, employees and WACOSA's value to the greater community. There is a little more specific information on the endowment, how it is structured, how the distribution from the endowment will be spent, and how the person can invest in the future of WACOSA by supporting the endowment either with an estate gift or through a named endowment fund. The document will be shared with the board some time before the next board meeting. Starting in 2022 the board should be receiving a quarterly report on planned giving and progress being made in this area.

Highlights from this year – Ed reported on two goals the Fund Development Committee had for 2021. The first was to add 12 new members to the WACOSA Legacy Society. The second was to add 12 new WACOSA Legacy Society donor prospects, have meaningful conversations and try to move them from their interest to action. Right now, we are at 10 of 12 potential prospects. We have 24 potential members in the pipeline, which is twice what we had projected. Most of those came from the donor survey that was completed. Ed shared that, in his experience, this is more than we had a right to expect this early in the process of our Development/Planned Giving efforts.

4. PROGRAM REPORT

Nancy B. reported that the Program Committee met in September and is meeting again in early December. WACOSA has implemented a number of COVID precautionary measures to keep everyone safe and make sure we can sustain the services we do get off the ground. Nancy reported that it became necessary, in light of the number of recent COVID cases, to revert to a number of tighter controls like using the cohort model of service, along with not allowing the paths of groups to cross or mix during program days. Minnesota and our area, in general, are experiencing a surge in COVID. We still have a

large number of people that wish to come back for services. Right now, we are serving about 420 clients. Nancy and Steve host a conference call with residential providers once every 2 weeks to compare notes and commiserate about how things are going. This seems to be working well and has resulted in stronger communication and greater comradery with our residential partners.

Nancy shared that just an hour ago, WACOSA was notified that we were awarded two new vehicles as a part of the 5310 grant program that will likely arrive in 2024 and 2025. WACOSA will be replacing one bus a year through at least 2025.

5. HR COMMITTEE REPORT

Herb T. reported that the HR committee met recently, with its primary goal to discuss the year-end annual distribution. For their part, the HR Committee approved that it be distributed. Additional discussions are taking place at the Finance Committee and a vote will be taken by the full board to approve the year-end distribution that will be given in December. Nancy B. reported that Hero Pay distributions are also being given today, tomorrow, and Wednesday. As a part of dispersing this money, meetings will be held one-on-one with people to explain what the distribution is, to thank them and to get their feedback. Traci explained that the distributions this year are being done in two phases. The one this week is being labeled Hero Pay and is a onetime distribution that is not based upon performance. The second will occur in mid-December. That one will be based on the number of hours worked.

Jon A. explained that, on the agenda, board members should note the distribution under consideration has been listed as a Motion to Accept. Historically, WACOSA has given a \$50K annual distribution which is essentially like a holiday gift for their employees. This year WACOSA is proposing doing an additional \$50K payment to the employees as an additional thank you for the hard work employees have done over the last year. If we look at what Steve and the management team are authorized to spend on their own, the limit is \$50K. The HR and Finance Committees have proposed giving an additional \$50K payment to the employees this year. Jon shared that we are only voting on one incremental payout for December of 2021, not that this be done in future years. Leroy motioned to approve, Jeff B. second. Motion passed.

6. MARKETING COMMITTEE REPORT

Laura K. reported that a committee meeting would be happening in the upcoming weeks to talk about ideas for a marketing campaign around the annual appeal. In the past, it has mostly been Ann and the fund development folks working on an annual appeal letter, but without a true marketing push behind it. The Marketing Committee wishes to support WACOSA staff more this year. Laura asked if the board might be interested in materials or communication that the marketing committee can provide board members that would help members reach out to their social networks. It would be great if the board could extend communication and information about WACOSA on their respective social networks like LinkedIn and Facebook. If the Marketing Committee provided board members with some templates and graphics they could use to reach out to their constituents, Laura asked if this is something anyone would utilize or not worth the effort?

Jon A. shared that he believes this would be good and that he would be interested. Jeff B. stated that he would be happy to post something like this with guidance or even send out a note with a link. Laura and the rest of the Marketing Committee will move forward with putting something together.

Laura mentioned to the board that Ann K. did a great job rebranding WACOSA's Buzz newsletter and giving it a fresh look. Ann also found success when she tried a new social media campaign for about 30 days that received great engagement. Thanks so much, Ann!

7. EXECUTIVE DIRECTOR REPORT

Steve H. reminded the board that CARF, the organization that accredits WACOSA, will be visiting sometime on or around August 2022. This could change in light of COVID concerns but this time is what we know now. We generally are awarded three-year accreditations, which is the highest level you can receive. Steve and Nancy have assembled a CARF Committee that will help lead WACOSA through WACOSA's next accreditation process in 2022.

8. ADJOURN THE BOARD MEETING at 6:50 p.m. prior to the start of the Executive Session.

Next Meeting:

Ron Brandenburg, Board Secretary

Date