

WACOSA Board of Directors Meeting
FEBRUARY 24, 2025
5:30 P.M.

Members Present:

Matthew DesJardins
Curt Gainsforth
Mollie Garden
Jennifer Johnson
Laura Krueger
Thad Olsen
Joe Perske
Lindsey Rennie
Dennis Meemken

Staff Present:

Nancy Betts
Julie Haag
Meghan Hines
Ann Kennedy
Traci McKinnon
Lynn Welle

Members Absent:

Peggy Bayer
Ron Brandenburg
Sandie Westergren

1. APPROVAL OF AGENDA:

A motion was made by Joe P to approve the agenda and seconded by Thad O., a vote was taken and motion passed.

2. CONSENT AGENDA:

There are a couple of corrections to the 12/2/24 minutes. Peggy Bayer was present at the meeting and the adjournment motion was corrected to reflect that Matt D motioned to adjourn and seconded by Laura K. The corrected minutes are up on the portal.

Thad O. motioned to approve the new minutes as updated and seconded by Laura K. A vote was taken and motion passed.

3. NOMINATION AND VOTE ON TREASURER:

Curt G. nominated Thad O. as Treasurer, Joe P. seconded the nomination. A vote was taken and motion passed.

4. NOMINATION AND VOTE ON FINANCE COMMITTEE CHAIR:

Curt G. nominated Thad O. as Finance Committee Chair, Laura K seconded the nomination. A vote was taken and motion passed.

5. NOMINATION AND VOTE ON HUMAN RESOURCES COMMITTEE CHAIR:

Thad O. nominated Lindsey R as Human Resources Committee Chair., Laura K. seconded the nomination. A vote was taken and motion passed.

6. FINANCE COMMITTEE REPORT

Traci M. reported.

2024 Year End Financials

Revenue:

- Program revenue is over budget by approximately \$129K, and over previous years actual by over a million dollars due to rate increases for transportation and service agreement rate adjustments. Stearns County has shifted a lot of their funding over to Medical Assistance, so county funding and private pay funding budget lines reflect that decrease. Vocational Rehabilitation services are under budget due to a decline in referrals and a change in the billing procedures at the state.
- Community crew revenues are over due to rate increases and increased fees we charge for our services.
- Production revenue is over budget due to increased and steady in-house work contracts and increased prices for those.
- Shred is slightly under budget, we recently restructured billing for shred containers we have out in our customers' workplaces and rate increases.
- Public support is over budget by approximately \$95K and over the previous year by about \$300K. This reflects a 5310 grant for a bus that we received, designated donations, and also the endowment.
- Investment revenue was over budget by approximately \$217K, and over prior years revenue by about \$80K, due to swings in the market rate.

Expenses:

- Staff wages and related costs are under budget by approximately \$851K and it is higher than the previous years by approximately \$147K. The 2024 budget reflects a different strategy for open position expenses that reflect the average openings vs. the actual. This has reduced our over inflation of wage expense. In 2024 we also went from being self-insured for health insurance to a fully insured plan and we pay only premiums.
- Client wages and related costs are over budget by about \$8K due to increased client wages as they have the opportunity for steady work contracts in-house, which is reflected in the revenue section.
- Building and equipment costs were under budget by approximately \$61K and under previous years by about \$13K. We have been replacing equipment as necessary.
- Advertising and public relations is as expected; with our in-kind donations of Thriftworks inventory, Bash auction items and in-kind service donations totaling approximately \$500K in that category, but it is also offset up above in the in-kind donation part. It is an in and out transaction and what the auditors require.
- All other categories are within our budget predictions, with nothing to note.
- After accounting for the unusual items of our investment income, depreciation expenses, designated donations, and our endowment, we have an overage of 1.6 million dollars for the year.

2023's asset designations were approved for 5.2 million. 2024's are a little higher at 5.3 million due to an increase in our unemployment obligation to about \$774K, for a total adjustment of about \$82K compared to last year. This is reflected in the equities section, but it needs to be approved by the board that these calculations seem reasonable. By approving the financials, you'll also approve the designations.

Thad O. reported that the finance committee had a lot of conversation about the numbers that we've talked about and the positive two million dollars and how repeatable that is going into 2025 with the unknowns in federal administration's budget, and our state budget forecast uncertainty. We should be conservative and with consistent leadership until we understand what's going on with those things. We should do something with those dollars, but we should figure out how sustainable it is and how repeatable it is as we get into this year with all the changes that could happen with the new administration. The designations that Traci has put out are very consistent.

A motion to approve 2024 year-end financials was made by Matt D., seconded by Lindsey R. A vote was taken and motion passed.

In our endowment fund, we have a substantial balance that is increasing annually. Last year we asked for a distribution which was based on our endowment policy which is 5 percent. The endowments were set up at the Community Foundation before our policy, at 4 percent. Last year Traci asked for a distribution of 5 percent, but we didn't take it out because of that discrepancy. Traci is requesting that we take out both the 2023 and 2024 distribution amount at 4 percent, which would total \$5,748.00. Traci feels that we should take both years out at 4 percent and the board can decide if it wants to change the policy to match what's at the foundation, which would be the easiest versus having the foundation come up to the 5 percent. Nancy will add this as an action item for the next board meeting. The amount for 2023 is \$3,441.00 and 2024 is \$2,307.00, for a total of \$5,748.00. We will have to submit the minutes to the Community Foundation that the board approves both before they will allow to release.

A motion to approve the endowment annual distribution amount for 2023 and 2024 was made by Joe P., seconded by Thad O. A vote was taken and motion passed.

Nancy requested to update our gift acceptance policy to accurately reflect the name of the flex endowment and clarify the language stating that undesignated donations may go into the flex endowment account and only designated funds can go into the regular endowment. The finance committee reviewed this update and approved it.

A motion to approve the updated gift acceptance policy with the clarified language to meet the auditors' standards was made by Thad O., seconded by Lindsey R. A vote was taken and motion passed.

Nancy B. reported on budgetary concerns at the federal and state level that could impact WACOSA's finances. The MN governor's budget presented to the legislature to help balance the coming biennium, two things that would directly affect WACOSA's per diem

reimbursement rate. The first one is a % change in the DWRS factor that might result in a 5-6% rate decrease, the other is a change in how often the inflationary adjustment rates would be triggered, resulting in no increases every other year. At the federal level there is movement on Medicaid reductions, which is where the majority of our waiver funds come from. There was discussion of a potential state shutdown, should the legislature not pass their required funding bill. Joe P. requested that WACOSA have a predetermined time frame and dollar amount that we would use as a guide to continue services if a shutdown occurred. He suggested a resolution be made to address this issue. Jennifer J. asked if the board could wait until the May board meeting to do this, as we will have more information then. Traci reported that as of December 31, 2024, we had almost 4.5 million in cash and money market accounts. Because we are self-funded for unemployment, if we laid off staff because of a shut down, we'd still have to pay them 50% of their unemployment. A monthly average for 2024 for expenses including salaries is \$763K. With those figures we'd have approximately 5.5 months' worth of expenses in our liquid reserves and there are additional reserves in investments.

A shutdown would begin on July 1st with the new fiscal year. Thad O. proposed that we might want to propose what Joe P. had mentioned in case there is some type of federal shutdown, and it was decided to wait for more information as well. Curt G. reported that the finance committee is aware and reminded everyone that we make sure to stay above a certain amount for reserve in that account as per Charities Review Council guidelines. We need to have reserve of about 3 million which is about four months operating costs. Joe P. indicated that is why reserves exist, so if an issue like this happens we are able to carry through.

Other discussions stated that the federal 5310 grant program might be cut, which would then negatively impact our grant funding for buses. It was noted that as WACOSA gets more information from MOHR, we would send out action alerts to our stakeholders to help them engage with their legislators on what is best for WACOSA..

7. DEVELOPMENT COMMITTEE

Meghan H. reported.

The general endowment fund started off on January 1, 2024, at \$331,027.20. We saw a \$275,262.19 increase. The ending balance on December 31, 2024, was \$606,289.39. As Traci reported, we will request the \$5,748.00 distribution from earnings.

We have a new member of WACOSA Legacy Society.

The Development Committee has two openings due to two resignations. We have two prospects to fill the openings. Meghan has reached out to one prospect who has a strong development background and is very interested and the other gentleman expressed some interest and has a background in endowment law. We will report on the progress at our next meeting.

Our main fundraising event, the WACOSA Bash, will be on Saturday, August 16th from 3-6p.m. at the Moose Lodge. Sponsorship solicitations have been sent out and we have four sponsors as of now. There are 5 levels, Event sponsors, Visionary, Champion, Advocate, and Friend. All board members will be receiving the top 5 reasons to sponsor the WACOSA bash.

Other events in the works are the annual picnic and butterfly memorial on June 13th. We are planning the Pizza Ranch, St. Cloud Rox and Sal's fish fry dates. We are currently in recertification for the Charities Review Council and that is in progress and going smoothly.

8. HUMAN RESOURCES COMMITTEE

Nancy B. reported.

On the HR dashboard they talked about some KPI's. Currently 12 open positions scattered across all sites and all shifts, which is our average. In 2025, we've had nine new hires. Days of hire from the date they were offered the position until all the paperwork is done is four days, an improvement from 10 days before. We have reduced Days to Start from 20 to 10 so far this year. Our Workers Compensation MOD rate increased from .69 to 1.03, with one incident that required surgery. Our yearly turnover rate is 19.75% compared to 24% last year.

The Crisis Management Plan has one change, our backups are stored in the cloud and at Shifttech and one onsite backup drive.

9. PROGRAM COMMITTEE

Lynn W. reported.

2024 Accessibility report: There were no major changes from prior years in any category with the exception of the Environmental access that requires staff for clients to access services. WACOSA applied for a Workforce Incentive Grant through the Department of Health and Human Services on behalf of our eligible employees. If granted, they will receive one time incentive payments of no more than 1000. It is an effort by the state to retain our workforce

The 2025 Accessibility plan remains consistent with 2024, with no changes noted.

A motion to approve the 2024 Accessibility Report and 2025 Accessibility Action Plan was made by Matt D., seconded by Laura K. A vote was taken and motion passed.

Our 14C Special Minimum Wage Certificate expires in June of 2025 so we plan on renewing.

We will be attending MOHR & Disability Awareness Day at the Capitol on March 18th. As a strategy to get more clients and staff involved at Day at the Capitol, we chartered a coach bus to take us there without having to worry about driving and parking. We were awarded a Special Needs grant to purchase new lifts. Dan Mondloch was with our Whitney seniors painting in January and February for our most recent art grant. When completed, he will compile the art into a collage that will be installed at Whitney Senior Center in the dining area for the general public to enjoy.

10. SALES & MARKETING COMMITTEE

Ann K. reported.

The committee meeting was on February 18th. We are excited about creating job descriptions for the clients to be photographers, videographers, and interviewers and it

will be a paid position that might contribute some media for Ann to use for marketing. The committee established their KPI's and are available on the board portal under the marketing committee. WACOSA will be exhibiting at the St. Cloud Area Chamber of Commerce Business Showcase on April 8th from 4:30-7 at Rivers Edge. Ann is working on the next newsletter, and starting on the annual report.

11. EXECUTIVE DIRECTOR REPORT

The MnDOT 5310 grant program has an FRP out and we would like to apply. We request approval for a 2026/27 resolution to apply for a full-size van with lift.

A motion to approve the resolution to apply for a full-size van with lift was made by Thad O., seconded by Lindsey R. A vote was taken and motion passed.

The 2024 MnDOT 53310 contract resolution to purchase a bus with a lift came through and we will be purchasing a bus from North Central Bus Sales for \$182,592.00. We will be reimbursed 80 percent of that expense back.

Motion to approve the 5310 2024 resolution to purchase a bus with a lift by Laura K., seconded by Matt D. A vote was taken and motion passed.

The Strategic Plan update dashboard is on the portal. We started this cycle in 2021 and have been plucking away at it ever since at the end of COVID. On the strategic plan there are 38 individual goals for the organization and five different goal areas being superior brand, brand recognition, client and customer connections. We want to strengthen our staffing stability and organizational culture. We want to strengthen and diversify our business and revenue opportunities. Strengthen our capacity to continually innovate. Out of the 38 goals, 16 are done which is about 42% of them. The next section is steady progress being made is another 10 which are things that you do annually over and over for a total of approximately 68% completed. A lot of on-hold goals are due to the finances where we were in 2021 and coming out of COVID and staffing. We will be developing the new Strategic Plan in 2025, with input from all our stakeholders.

ADJOURN THE BOARD MEETING.

A motion was made by Curt G., seconded by Thad O., to adjourn the meeting. A vote was taken and motion passed.

Next Meeting: Monday, May 19, 2025

Matt Des Jardins, Board Secretary

Date