Jackson County Community Children's Services Fund
Board Meeting Minutes

Thursday, November 1, 2018, 2:30 p.m.
Mid-America Regional Council Office
600 Broadway Boulevard, Kansas City, Missouri

Board Members Present:
Rhonda Holman, Chair
Rob Whitten, Executive Director
Robert Bartman, Ed.D.
Ann Mesle, J.D.
Marietta Parker, J.D.

Board Members Absent:
Brian Kaberline
Jovanna Rohs, Ph.D.
Rachelle Styles

Guests, Affiliations:
Raisa Akram, Greater Kansas City Community Foundation
Sue Richter, Jackson County Community Children's Services Fund
Claire Terrebonne, Jackson County CASA
Nancy Atwater, Preferred Family Healthcare
Carol Grimaldi, Cornerstones of Care
Erin Eaton, Salvation Army Children's Shelter
Holly Perez, Mayer Hoffman McCann
Barb Friedmann, Community Together
Casey Thomas, The Family Conservancy
Sarah Forgey, Greater Kansas City Community Foundation
Melody Morgan, Child Abuse Prevention Association
Amy Couture, Rose Brooks Center
Jaime Masters, Jackson County Executive's Office

Director Holman called the meeting to order at 2:32 p.m. and welcomed everyone in attendance. Roll call of the board was taken and guests were invited to introduce themselves.

Dir. Holman asked for a review of the meeting agenda. No changes were suggested, and the agenda was approved as presented.

Dir. Holman then asked the board to review the minutes from the October 4, 2018 meeting previously provided to the board. Following a motion by Director Parker and a second by Director Mesle, the minutes were unanimously approved.

Financial Report
The Financial Report began with the 2017 Audit Report, presented by Holly Perez of CBIZ, MHM. Ms. Perez provided an overview of the audit covering January 17, 2017 through December 31, 2017, with most activity occurring in the final 4 months because that is when the organization began oversight of the funds.

The engagement team that worked on the audit was composed of Brent Wilson, Holly Perez, Tony Cobel, and Terrance Wildren. Ms. Perez provided an overview of the audit results, reporting that there were some audit adjustments, and the engagement team went over these with management prior to the meeting. When the engagement team received the trial balance, it was on a mainly cash basis while the entity is on an accrual basis.

Ms. Perez indicated that required communications would be included in a separate letter for management. Significant deficiencies were found because the fund was in startup mode: There were very few controls in place, and there was no segregation of duties as there were no employees. Internal controls were reviewed with management. Many policies and procedures were put in place in 2018, so the next audit is expected to look much differently.

Ms. Perez then presented the fund's financial statement highlights, sharing that the fund ended the year with $8,400,000 in assets, mostly consisting of $7,500,000 in cash, and approximately $900,000 of tax receivable that was all received in January 2018. There was not an allowance against this receivable, which presented an issue and will need to be mitigated in the future. There were also some prepaid expenses of about $19,000. At the end of the year, there was about $7,000 in accounts payable, and the rest of the money was in unrestricted net assets. Ms. Perez shared that the 2018 audit will look different as the fund has started distributing funds in 2018. Revenues were all tax revenues of about $8,400,000. Expenses were in insurance, executive search, legal fees, and contracted services. This amounted to about $35,000. There were no program costs in 2017.

Ms. Perez then invited questions about the 2017 audit report. Dir. Bartman inquired about the segregation of duties deficiency. Dir. Holman responded that this will be addressed as much as possible, but the resolution may not be ideal due to having so few employees. This was followed by a brief discussion about hiring on an as-needed basis or giving duties to board members to ensure the duties are segregated.

Director Holman inquired about next steps in the process. Ms. Perez replied that the team is currently working on revisions received from management and secondary partner review would occur early the following week. She further reported that the tax return is in progress and will be filed on or before November 15. After this, the pre-audit for 2018 will begin, ideally before the end of the fiscal year. The next audit is on schedule for late March or early April of next year, to be issued in May or early June. Dir. Holman thanked MHM for adopting such an aggressive timeline and for their work on the audit.

Following a motion from Dir. Bartman and a second by Dir. Mesle, the board voted in favor of accepting the audit.

Mr. Whitten then provided a summary of October financial activity, reporting that September tax receipts were $946,736.82. He also noted that there is a $12,000 expense under professional insurance because the fund renewed their surety bond in October. Total expenses for the month were $29,567.54 with a net surplus for the month of $924,764.67. The Financial Activity sheet included in the board packet also included a summary of current assets, current liabilities, and net assets. Dir. Mesle noted that there is a line for Crime/Cyber Security Insurance and inquired whether this insurance had been recommended. Mr. Whitten responded that he has a meeting with Linda Smart with the Robert E. Miller Group later in the month to review what insurance is in place, what is needed, and to acquire quotes for budgeting purposes.

Next, Mr. Whitten presented a draft of the 2019 budget to provide the board with a general idea of what next year will look like. The 2019 budget will be on the agenda for approval at the December meeting. Mr. Whitten spent some time going over line items in the budget draft, and he explained that there would be additional items presented in December because there are some items for which he is awaiting an amount, and these items were omitted in this draft.

Mr. Whitten shared that further investment opportunities are being considered in addition to the $7,000,000 in CD’s invested earlier this year. Jason Snow, Institutional Banker/VP at Commerce Bank, has recommended that the fund continue to use CD’s for further growth. These CD’s may be liquidated at any time and do not carry any risk. Seeing no objections from the board, Mr. Whitten expressed his intention to continue working on these investments.

Regarding the financial policy, Mr. Whitten reported that he intended to convene with Directors Holman, Mesle, Parker, and Styles to work through the policies in November so they can be distributed prior to the December meeting.

Children’s Services Contracting

Mr. Whitten began the Children’s Services Contracting report with current contractors and services. With two reports still outstanding, Q3 invoices came to $1,522,989 which is 26% of the allocated amount. Year to date disbursements are at 53%, approximately $3,000,000 out of $5,700,000 allocated. Checks are processing and will start going out at the beginning of the following week.

Requests for budget modifications were received from 3 current contracts:

1. One organization recognized some savings in salary and requested to reallocate $16,000 in their salary section originally intended for a program supervisor position to instead fund 5 therapists supporting the program.
2. Another organization recognized some significant savings of over $32,000. They requested an increase of the salary line item. The program has 3 staff members that are funded in a significant portion, and they are asking to fully fund these staff, requiring an additional $9,700 in salary. The organization reduced their fringe line by $8,300, and they reduced direct expenses by $23,000 because they built rent into the budget but were able to keep the program in existing facilities. Thus, they have requested to reallocate and increase their indirect line item by $19,000 which is below the 15% threshold required.
3. The third program reduced other direct expenses by $7,600 and they asked to use $5,600 for salary. The program has 3 administrative staff that have been spending more time working to attend to startup needs. The organization requested to reallocate funds to salary and increase their indirect by $2,200 which keeps them below the 15% stipulated for indirect costs.

This was followed by a brief discussion about funding staff for these programs and what that would mean for future funding requests from these agencies. Finding general approval from the board, the modifications were approved for the 3 programs.

Mr. Whitten then drew attention to the summary of 17 programs eligible for 6-month extension of funding included in the board packet. He reported that 21 school-related programs were invited to request extensions. Of these programs, 3 responded that they will not request an extension and will continue under the calendar year funding schedule while 1 program did not respond. Programs could request up to 50% of their current contracted amount, and 14 programs did request the full 50%. Mr. Whitten indicated that these organizations have submitted good quarterly reports and merit additional funds.

Following a motion by Dir. Parker and a second by Dir. Mesle, the board unanimously approved up to $872,921 in funding for January through June of 2019 for the presented school-based programs.

Executive Director's Report
Mr. Whitten shared that October activities included the audit and working on funding. The lease at Penn Tower was also executed and renovations have begun. Ms. Richter has been working on acquiring furniture for the new space. The move to the new space is planned for early December so there will be some overlap between leases at Penn Tower and at Westport Commons.

Mr. Whitten then reported that the RFP around logo and branding had been pulled and reissued as a request for logo, branding, brand management, website, and social media. There were 8 firms contacted, and of these 3 are MBE and 3 are WBE. He expressed that he hopes to make the award for that RFP this year.

Next, Mr. Whitten shared the next steps on the work plan which included staffing, with a plan to add two program officers and a finance officer. Work will focus on recruiting, onboarding, finalizing an employee handbook, and coming up with a benefits plan. He further shared that the bylaws may need minor revisions.

Board Vacancies
Dir. Holman reported that 2 candidates were suggested, but one is not in the 3rd district and so they did not pursue the candidate at this time, though the candidate expressed interested in serving on the board in the future. Another candidate is being considered and they will determine the candidate's district. Dir. Mesle indicated that she also has someone in mind for consideration.

Other Items
Dir. Holman recommended that next month's meeting include a board education session, inviting the Policy Officer and Mental Health Services from the Healthcare Foundation to discuss the new capacity for Medicaid to fund services for children in schools as well as the Healthcare Foundation's initiative focused on youth suicide.

Open for Comments
Dir. Holman then opened the meeting for comments.

Dir. Parker asked whether a benefits package would be in place when candidates are interviewed. Mr. Whitten responded that there would not be a benefits package in place because they cannot get a quote until they have two full-time employees as genders and birthdates would impact the amount. As such, he will ask the Board for approval on a high-level benefits package to be used during recruitment and interviewing.

Director Holman shared that the next Children's Services Coalition meeting from 1:00-3:00 p.m. on Friday, February 15th at Synergy Services.

Jamie Masters from the Jackson County Executive's Office expressed that their budget process is underway and that she would attempt to get a forecast of the JCCCSF revenues.

Claire Terrebonne raised a question about the board's involvement in the tax renewal process. Director Holman responded that they are the entity required to request that the county place the issued on the ballot, and Dir. Bartman clarified that they cannot be in an advocacy position, but may be in an informational position.

Barb Friedmann thanked the board for attendance at the coalition meeting and their interest in the agencies working to benefit children and families.

There being no further discussion, Dir. Holman asked for a motion to adjourn the meeting. With a motion from Dir. Parker and a second by Dir. Mesle, the motion was unanimously approved, and the meeting was adjourned at 4:06 p.m.

Next Meeting: December 6, 2018, Westview Room, Mid-America Regional Council, 2:30 to 4:30 p.m.