

**Lighthouse Youth & Family Services
Administrative Committee Minutes
April 16, 2019**

Members in attendance: Dawn Green, Mary Bob Rubenstein, Stephen Peterson, Lisa O'Brien, Larry Sheakley, Ken Feldmann

Members absent: Tim Timmel

Staff in attendance: Paul Haffner* and Judy Oakman, (*also a Member).

Mr. Peterson called the meeting to order at approximately 12:10 pm. The Committee upon motion by Mr. Feldmann, seconded by Ms. O'Brien, unanimously approved the February, 2019 minutes as presented.

Ms. Oakman engaged the Committee in a discussion on the long-term financial planning document she had distributed in preparation for the meeting. Ms. Oakman described the last several years of progress on the financial statements, the endowment, the capital reserve, and other improvements for Lighthouse's financial picture. She also reviewed the various risk factors for Lighthouse, highlighting the funding of the Sheakley Center for Youth which does not have a standard government contract supporting it. There is a gap of approximately \$800,000 annually and the Committee discussed the longer-term operational funding from the Ending Youth Homelessness campaign and other sources which help to close the gap. Mr. Sheakley asked about the accounting for long-term pledges and the endowment for the Sheakley Center as part of the EYH campaign. Ms. Oakman noted there are approximately \$3.7 million of pledges receivable to support the Sheakley Center on-going operations. Pledges are not counted in the current cash position of the endowment.

The Committee also discussed the local fundraising capacity and whether we could reasonably expect to have long-term donor support for continuing operations of programs at Lighthouse that have annual shortfalls. The Committee discussed the appropriate endowment levels, noting the current 50th anniversary campaign. The Committee agreed the target of \$2 million for the capital reserve portion of the endowment fund seemed reasonable even with the new Sheakley Center for Youth as an additional building for Lighthouse. The Committee also discussed the use of the endowment and the spending allowance of 4% - consideration was given for using a portion of the endowment for a variety of uses including operational costs in the future. This will be further discussed at the Foundation board level.

Ms. Oakman also presented various budget risks concerning government grants, contracts, Medicaid and the sustainability of the Agricultural Learning Center at the school. The Committee specifically discussed the indirect cost rate cap at the State of Ohio level. Although we have an indirect cost rate which should include administrative expenses of approximately 14%, we are typically limited by State of Ohio at 10% and sometimes even less. The Committee discussed the best way to research Ohio contacts to consider taking this up with the new administration. Mr. Sheakley and

others will consider ways to approach new leadership in state government. We noted this is not a Lighthouse issue but rather a system wide concern.

Finally, the Committee discussed the current excess cash position for 2019. Ms. O'Brien motioned to have the full \$1,040,000 moved from the various subsidiary organizations into the endowment, with \$200,000 added to the capital reserve to achieve the \$2 million goal and the remainder of \$840,000 to go into the general endowment fund. The motion passed unanimously after a second by Ms. Green.

As the next order of business, Ms. Oakman described the Medicaid accounts receivable status. We still have in excess of a \$200,000 receivable and after a call with the State hope to reclaim \$25,000 of that. There is potential to do better than this but it is tenuous. Ms. Oakman also described the significant healthcare expenses we have been experiencing in 2019 which are far outpacing 2018 rates by over \$336,000 (calendar year). The 401k forfeiture account of approximately \$125,000 will be used to offset this but it will impact operational finances.

Mr. Haffner reviewed the 50th anniversary materials including the recent newsletter, the campaign prospectus for the endowment, the Beacon Gala celebration that was held this past Saturday, and other events planned throughout the year. The Beacon Gala should net us approximately \$225,000 conservatively. The gross amount seems to be over \$315,000, with \$52,000 pledged to the New Beginnings/Youth Development Center residential programs and the rest coming through sponsorships and ticket sales.

On the Executive Briefs section of the agenda, the Committee decided to table the foster care discussion. Mr. Haffner did note we have updated the numbers through March 31 which showed improvements and expressed the management team's intention to continue to be a leader in the foster care market even if both our market share and the overall system have diminished somewhat recently.

The Committee also tabled the board recruitment efforts section of the agenda.

On other topics, the Committee decided the domain name lyfs.org was not worth the requested \$35,000. Mr. Haffner will keep this and other potential names in mind for the future, working with Ms. Goold and IT team.

Regarding the HR survey, Mr. Haffner briefly reviewed the themes from the 2019 survey expressing the management team's disappointment the results weren't better than the slight improvement shown over 2018 results. It was noted the Lighthouse Way cultural statements came out after the survey. This will hopefully result in continued improvement this year.

The meeting was adjourned @ 1:18 p.m.