

**EXECUTIVE COMMTTEE**

**CONFERENCE CALL**

**Minutes**

**October 14, 2020**

**Board Members:** Darren Burns, David Carlson, Brad Jacobson, Matt Gittleman, Chris Halkyard, Clark Machemer, Kelly Marx, Bob Murray, Wendy Marcus

**Staff:** Purna Rodman Conare, Hassan Farhan, Mary Cannan

We are asking the Executive Committee to approve the increase to our line of credit using the Director’s Fund as collateral as an alternative to requesting money from the Director’s Fund. The increase of the line from approximately $4MM to $5MM at the same rate, which is Wall Street plus a ¼%, is needed to support the timing of cash flow. We will not use the increased line of credit without conferring with the Board.

**Information**:

Accounts Receivables: Run between $3.4 million to $3.9 million

Monthly Revenue is $3.2 million

Days in Accounts Receivable, therefore, are about 36-41 days

Line of Credit is $4,000,000

Amount Available on the line(s) is typically around $500,000

Each payroll is $850,000

When we were paid on a contract basis, we received payment monthly prior to providing services. About a year and a half ago, we converted to fee-for-service and were paid 36 to 41 days after providing services. This billing practice results in a million transactions per year. The money basically went out as quickly as it came in. If one of our payers missed a monthly payment, it was difficult to make payroll and left us with no excess. During that time, some programs lost money creating a cash shortage, and compounded by the pandemic, we were forced to use the line of credit to support operations. Our funding stream is politically controlled, and we did recently receive $150,000 from the State that was not in our budget. Another positive is the Gala is already $300,000 is over budget.

The Director’s Fund has approximately $4.2M and the Operating Account of $1M. Brad Jacobson suggested liquidating the operating account instead of increasing the line of credit. When you borrow against the Director’s Fund, you magnify the return, and the investment may lose money. It was agreed it would help but we cannot go into the winter without extra security with a budget that has a projected loss.

To better understand the request and give the Committee a clearer picture how we got to this point, it was agreed to reschedule the October 26th Executive Committee meeting and to provide the Committee with the last ten quarters, a forecast, and the use of the line of credit prior to the meeting. The Committee agreed that taking on debt and not having the receivables was not a good idea.

Respectfully submitted:

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Clark Machemer, Chair Purna Rodman Conare, President & CEO

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Mary Cannan, Recorder