

City of Lawrence

Social Service Funding Advisory Board Meeting

February 16, 2017 Minutes

MEMBERS PRESENT: Burdett Loomis, Ranelle Fischer, Alice Lieberman, Galenea Miller, Steven Davis

MEMBERS ABSENT: Scott Criqui

STAFF PRESENT: Casey Toomay, Assistant City Manager; Danielle Buschkoetter, Management Intern

PUBLIC PRESENT: None.

Call to Order

Loomis called the meeting to order at 8:32am.

Introductions

Board went around and made introductions. There were two new members, Galenea Miller and Steven Davis.

Approve Minutes

A motion to approve minutes from October 25, 2016 was made by Lieberman and seconded by Fischer. The motion passed 5-0

Discuss Financial Information

The Board requested that a financial expert be brought in to discuss the IRS Form 990 that is required to be submitted by agencies. It was important that the Board understand the form and what information it contained.

Staff consulted with Bryan Kidney, Finance Director who contacted a firm. Rebecca Shaw, Tax Manager came to discuss the IRS Form 990 with the Board.

Shaw reviewed online resources for evaluating non-profits (Guidestar, Charity Navigator, and BBB Wise Giving Alliance). She noted that the Board ultimately would have to decide what was the most important to them, the 990 has a lot of information.

Shaw outlined the following ratios:

- Accounts Payable Ratio. This ratio will indicate if the agency has enough cash to pay outstanding bills which will help determine if the agency is financially stable.

- Contributions and Grants Ratio. This ratio indicates the extent to which the agency is reliant on voluntary support. Shaw noted that in-kind support does not appear on the 990 and the agency should have a broad source of revenues.
- Debt Ratio. This ratio indicated the agency's financial solvency and show if the agency has a large amount of debt.
- Fundraising Ratio. This ratio indicates the relationship between fundraising related expenses and total expenses.
- Liquid Funds Indicator. This measures the agency's liquidity and if the agency is able to pay current bills.

Lieberman asked why the Board needs both the 990 and the financial audit of an agency. Shaw explained that not every agency does a financial audit but every agency does complete a 990.

Loomis asked Shaw what she would look for if she were on the Board. Shaw responded that she would look at the debt ratio and the fundraising ratio.

Loomis asked what some of the overhead expenses are for. Shaw indicated that some organizations might look high due to dependency on volunteers and having to manage those volunteers. Shaw noted that the 990 does have total number of volunteers in part I.

Buschkoetter noted that any ratios that the Board would like to see can be added into the application for 2018. Loomis added that having that information upfront will help in the decision making process.

Davis stated that he found Charity Navigator helpful because the pie charts can be used to compare one agency to another. Shaw noted that Charity Navigator uses ratios to compare agencies.

Loomis asked if the 990 has any information about how long the agency has been around. Shaw noted that the 990 does have that information in the first section.

Shaw noted that many agencies have restricted assets so they may be requesting City funds as a matching portion for another grant.

Shaw stated that Guidestar has the most complete information and will have more agencies than the other sites.

Shaw noted that the Board may want to look at schedule R and part VII of the 990 to know if they are paying their board members and to see if they have a

diverse board. Additionally, question 2b in part V will indicate if the agency has filed necessary Internal Revenue Service (IRS) requirements.

Shaw stated that part XII of the 990 will show if an agency's financial statements were compiled, reviewed, or audited by an independent. Shaw indicated that the size of the agency may determine if the agency's financial statements are compiled, reviewed, or audited.

Shaw recommended the Board determine a minimum threshold for applications and not fund agencies below that amount.

Lieberman asked if agencies have funds set aside for a particular project, are those funds represented in the 990. Shaw indicated that funds set aside for specific purposes may be listed as temporarily restricted net assets as a lump sum.

Lieberman asked if the 990 indicates what purpose those temporarily restricted net assets are set aside for. Shaw stated that it may not be in the 990 but it will be in the financial audit.

Review 2018 Application for funding

Buschkoetter outlined the changes reflected in the 2018 application form. There is one form for both funding sources, the form includes a question about how the proposed program aligns with the City's strategic plan, applicants will submit supplemental information with application (990, financial audit, annual report), and budget forms have been included.

Fischer stated that this would require agencies to show what exactly the request is for through the budget form.

Buschkoetter asked if there were any ratios that the Board would like added to the application form.

Miller suggested liquidity ratio and debt ratio as well as the total number of volunteers. Davis also requested additional language to clarify that the budget forms were for the program that funds were being requested for.

A motion to approve the 2018 application for funding with those few additions was made by Davis and seconded by Lieberman. The motion passed 5-0.

Toomay explained that with that approval, the application would go to the City Commission on Feb. 21 for approval. If approved, would be sent out March 1 and due back March 31.

Review 2017 Annual Report Form

Loomis stated that the form was brief but liked that it referenced back to the application.

A motion to approve the 2017 annual report form was made by Lieberman and seconded by Fischer. Motion passed 5-0.

Discuss Application Process for 2018

Buschkoetter proposed a new timeline to give the Board more time to review applications. Fischer was concerned with the City Manager's recommended budget being May 2.

Toomay explained that the recommended budget would have a lump sum for the Board to allocate. The Board would give their recommendations to the City Commission after they have the lump sum amount from the recommended budget. Toomay added that the City Commission would still have the final approval of how these funds are allocated prior to the final adopted budget.

Davis asked about the agreements that the City has with agencies. Buschkoetter explained that they provide information about what the funds are used for, the process for receiving funds and non-discrimination language.

Toomay added that some social service agencies, such as Bert Nash, have more specific language. Lieberman asked why some agreements were different. Toomay explained that based on the needs of the organization and the City at the time of the initial agreement, some language was added to address specific needs.

Loomis noted that the process used last year to make recommendations was efficient. The Board reviewed all applications as a group. Next, they individually made allocations and sent that to staff. Staff compiled all recommendations from Board members. The Board reviewed and made final recommendations.

Kansas Open Meetings Act Training

The Board requested that KOMA training be completed at the next meeting in the interest of time.

Next Meeting—March

The Board will review 2016 annual reports and go through KOMA presentation.

Adjourn

A motion to adjourn was made by Fischer and seconded by Davis. The motion passed 5-0.