

SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.

Finance and Audit Committee Meeting Minutes

November 9, 2020 5:00 PM

PRESENT: Barb Barbus, Board Secretary; Adanma Akujieze; Kim Wetherhold; Phil Allen, Senior Accountant; Max Houseknecht, Jr, CFO; and Jim Yoxtheimer, President & CEO (ex-officio)

PRESENT VIA ZOOM: Dewy Hilliard, Board Treasurer

I October 2020 Financials

The highlights of the Financial Report were reviewed for October 2020 as were set forth on the summary provided to the committee, which is hereby incorporated for all purposes herein. Max reported, that for the month of October there was an excess of revenues over expenses of \$31,798 which takes the YTD excess of revenues over expenses to \$359,431. Max reviewed the net income by department highlighting two departments. The pharmacy department seems to be moving in the right direction as this is the third month in a row the department has had an excess in income over budget. Max informed the committee the Express Care Services department has been added but is not operational at this time. There are expenses coming in related to the opening of the Express Care department. Patient revenue for the month was under budget by \$253,003 due to: medical services revenue was under budget by \$147,452; general dental services revenue was under budget by \$28,546; reproductive health services revenue was under budget by \$24,561; pharmacy revenue was over budget by \$5,883; outreach services revenue was under budget by \$34,260; chiropractic services revenue was under budget by \$11,794; and behavioral health services revenue was under budget by \$12,050.

Max reported the 340b drug program income for contract pharmacy was over budget by \$73,468 due to increased capture rates with Pharmaforce for the Wegmans and Walmart contract pharmacies as well as referral prescription program revenue. Community Health Center Base Funding was over budget by \$24,107 due to the utilization of additional funds that were delayed from the Paycheck Protection Program (PPP) Loan. Supplemental federal grants revenues were over budget by \$78,853 due to drawdowns associated with supplemental awards not initially budgeted, such as COVID-19, OHI, QI, and SUD-MH funds. Act 24 funding was under budget by \$6,464 due to a reclass of revenue needed. This entry was initially made "above the line" but was for the purchase of fixed asset equipment and should have been recorded "below the line". Delta Dental funding was under budget by \$15,000 due to timing of the release of grant applications.

Phil reported Expense Analysis as follows: Expenses were over budget by \$48,165. Factoring out the grant related expenses that were unbudgeted of \$105,789, total expenses would have been under budget by \$57,624. Total salaries, benefits, & payroll expenses were over budget by \$15,054 due largely to the extraordinary circumstances pay increase covered by Act 24 grant funds as well as savings in budgeted FICA and health insurance expenses. Total clinical supplies were over budget by \$33,835 due largely to the purchase of COVID-19 & flu rapid test kits as well as linens all covered by federal and/or state grants. Environmental supplies were over budget by \$9,972 due to continued costs associated with additional COVID-19 cleaning procedures. Minor equipment was over budget by \$9,656 due largely to costs associated with preparations for Express Care Services as well as \$5,493 in equipment that was associated with

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supplemental grant funding. Total software was over budget by \$6,983 due largely to increased costs associated Microsoft and eCW software as well as small set-up fees for new patient statements and purchase order systems. Non-CME staff education was under budget by \$15,487 due to savings associated with the cancellation of the in-person PACHC Conference. 340b admin fees for contract pharmacy were under budget by \$5,186. Advertising was over budget by \$8,940 due to costs associated with an advertising campaign using the Act 24 grant funds. Depreciation was over budget by \$7,175 due to the purchase of equipment largely using supplemental grant funding, that was not initially budgeted. Grant for acquisition of PP&E was over budget by \$6,464.

Phil reported the Balance Sheet Highlights indicating 340b receivable was at \$448,845. Payments from Pharmaforce began to roll-in at the end of October and will be shown on November's balance sheet as the first payment was a check that was received at the beginning of November. Accounts payable was at \$184,370. Short-term investments showed the Super Money Market Fund balance to be \$171,626.42 with no transfers occurring for the month of October. Total cash in the operating accounts at month-end was \$1,398,199. Total unrestricted cash, including the super money market fund, at month-end was \$1,569,825.

Motion #1 Dewy Hilliard made the motion to recommend approval of the October 2020 Financial Report by the Full Board. Barb Barbus seconded the motion. The motion passed unanimously.

- **Summary Report:** Max reviewed the Summary Report which will be presented at the Full Board meeting. Net days in A/R jumped to 31 but it is nothing to be alarmed about. Days cash on hand decreased to 34.6. Current ratio jumped to 1.49 due to the PPP loan moving from short term to long term.

II PPP Loan Update

Max was pleased to report that the Center received a letter from the Small Business Administration as well as C&N reporting the center received full forgiveness of the PPP Loan. They will cover the full loan plus accrued interest. The finance department did confirm with Baker Tilly on the handling of entries to be sure everything was documented appropriately.

III Federal 330 Grant Funds/COVID-19 Grant Funds

Max reviewed the COVID-19 Grant Funds as well as the Federal Grant Funds remaining balances. Two of the COVID-19 grant funds have been depleted, the H8C and Act24PA Funding.

- **FY20 Carryforward:** Max reviewed the federal grant funding which will require carryforward requests which include: FY19 IBHS, FY19 OHI, FY19 QI, FY20 SUD-MH, and FY18 SUD-MH. Max reviewed the carryforward process with the committee.

IV FY20 Closeout Update

- **Audit Issuance:** Max reported the audit was officially issued October 30, 2020. This final audit will be on the board portal for review. The audit has been submitted and accepted by the clearinghouse.

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- **Medicare Cost Report:** Max reported the Medicare Cost Report was submitted on October 30.
- **Medicaid Cost Report:** Max reviewed the summary of FQHC/RHC Reimbursable rates form. It appears the new PPS rate for medical will be 193.69 which is an increase of \$3.87 and for dental the new rate will be \$134.87 which is an increase of \$22.97. The estimated financial impact on FY21 visits is approximately \$414,059. This estimate does not factor in FY20 visits which will need to be accounted for. It is anticipated that this year's PPS rate adjustment will "wipe-out" a fair portion of what is owed from last year's rate adjustment. More information will be presented as it is available.
- **Form 990:** Max indicated that Phil received an update today that we should have the draft from Baker Tilly this week. The 990 needs to be submitted no later than November 30, however, should be able to be submitted before that deadline.
- **Constructive Service Letter:** Baker Tilly discussed the revenue recognition and the fact that it is being shown as patient revenue, at net and not showing the contractual allowance. This was our interpretation of how they were to be reported. The finance team is working on different reporting as suggested by Baker Tilly.

Jim took the opportunity to address the committee and express his gratitude to the finance team. Max, Phil, Rebekah, and Steve did a fabulous job on the PPP Loan making sure everything was documented correctly and for full forgiveness. Jim stated he was confident the whole time that the Finance team would receive full forgiveness of the loan. He offered his gratitude to the Finance team.

Next Meeting: December 14, 2020 @ 5 PM Community Room, 431 Hepburn Street