

**SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.**

**Finance and Audit Committee Meeting Minutes**

**May 10, 2021 5:00 PM**

**PRESENT:** Dewy Hilliard, Board Treasurer; Barb Barbus, Board Secretary; Matt McLaughlin; Jim Yoxthimer, President & CEO (ex-officio); Max Houseknecht, Jr., CFO; and Phil Allen, Sr. Accountant

Excused: Adanma Akujieze

**I April 2021 Financials**

The highlights of the Financial Report were reviewed for April 2021 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 April there was an excess of revenues over expenses of \$115,788. This brings the YTD excess of revenues over expenses to \$1,884,573. Max reviewed the next income by facility/department, pointing out again, that pharmacy services continue to do very well and was \$33,039 over budget. Max reviewed the patient revenue analysis indicating visits were down across the Center by 839. However, the vaccine clinic could not be used as visits, if the Center were able to use the vaccines as visits, this would have added 1,421 visits for the month. Patient revenue was over budget for the month by \$63,198 due to medical services revenue was over budget by \$45,826 due to administrative fees of the COVID vaccine. Dental services revenue was over budget by \$59,508. Reproductive health services revenue was under budget by \$18,692. Pharmacy revenue was over budget by \$44,511. Chiropractic services revenue was under budget by \$24,407. Behavioral health services revenue was over budget by \$23,577. Express Care services revenue was under budget by \$83,838.

Max reported in other revenue that 340b drug program income was under budget by \$10,862. Federal grants revenue was over budget by \$79,384 due largely to the timing of the 4/2 payroll drawdown that was initially budgeted for March 2021. Family Planning funding was over budget by \$51,931 due to a year-end payment from FHCCP of \$51,181 received due to the organization's continued commitment to the family planning program. Direct Relief COVID-19 grant was over budget by \$50,000 due to a grant received for COVID-19 vaccination staffing costs.

Phil reported the Expense Analysis as follows: Expenses were under budget by \$22,496. Factoring out the grant related expenses that were unbudgeted of \$22,778, total expenses would have been under budget by \$45,274. Total salaries, benefits, & payroll expenses were under budget by \$24,972 due largely to savings in budgeted FICA of \$7,836 due to FFCRA tax savings; an unemployment tax savings of \$19,693, and estimated health insurance savings of \$29,000. Medical supplies were under budget by \$13,081. 340b pharmaceuticals were over budget by \$10,419 due to increased revenues. Environmental supplies were under budget by \$5,533 due to savings associated with the discontinuation of building fogging. Recruitment/retention was over budget by \$7,440 due to costs associated with the placement fee for one of the new dentists. Grant for acquisition of PP&E was over budget by \$6,027 due to grant related equipment purchases. Telehealth services were under budget by \$6,000. Temp staffing fees were over budget by \$30,720 due to increased costs associated with nursing staff for COVID vaccination and testing (theses costs were covered by grant dollars). Maintenance contracts/building repairs were under budget by \$17,820 due to timing of costs associated with minor renovations for Jersey Shore.

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Phil reviewed the balance sheet highlights for the month indicating the 340b receivable was at \$365,468. We received a check for 340B in the amount of \$146,000 on 04/27/21. Accounts payable was at \$143,245, a decrease over the prior month of \$22,346. Deferred revenue was added in the amount of \$105,776 to account for a payment from the PA DOH COVID-19 testing funding that was awarded. This grant is being administered by PACHC and the Center received a 25% payment in April. These funds will not be spent prior to the end of the fiscal year, nor were there any retroactive costs to be applied. Therefore, the funds will reside as a deferred revenue (liability) until the costs are recognized at which point revenue will be recognized. The Super Money Market fund balance is \$277,676.65 with no withdrawals for the month of April. A transfer of \$150,776 equal to the PA DOH COVID-19 Testing Funding was made into the Super Money Market Fund. There is a condition on this grant that the unspent funds remain in an interest-bearing account until spent and any interest earned on these funds is directed to COVID-19 testing as well. Total cash in the operating accounts at month-end was \$1,404,088. Total unrestricted cash, including the Super Money Market Fund, at month-end was \$1,681,764.

**Motion #1 Barb Barbus made the motion to recommend approval of the April 2021 Financial Report by Full Board. Matt McLaughlin seconded the motion. The motion passed unanimously.**

- **Summary Report:** Max reviewed the Summary Report that will be presented to the full board. Max reported that YTD net gains from operations was \$1,565,428. Net Days in A/R remained at 30. Days in A/P decreased to 33.26. Dash cash on hand increased to 36.26 and the Current Ratio was 1.63.

## **II Federal 330 Grant Funds/COVID-19 Grant Funds**

Max reviewed the spending of the grant funds included in the packet. The management team has been working through and spending the grant monies as able. Of note on the Federal grant funding is that the FY19OHI Funding was spent down completely in May. For the month of April \$210,527 was spent from the federal grant funding. When reviewing the COVID-19 grant funds available, Max indicated that if the grant was spent completely it was removed from the worksheet. Max reported that the H8E Funding received a 12-month carry forward approval to April 30, 2022. In April, \$16,594 was spent from COVID-19 grant funding.

## **III NOA**

- **FY22 330 Funding:** Max reviewed the Notice of Award (NOA) received from HRSA. This NOA is for the FY22 330 Funding in the amount of \$1,811,950 and runs from June 1, 2021 to May 31, 2022.

## **IV H8F Budget**

Max reviewed the H8F (American Rescue Plan) Budget which was mentioned in last months full board meeting. The budget is split over 2 years with the project period being 05/01/2021 – 03/31/2023.

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Management is proposing to spend the monies in the following categories:

- Personnel: To include administration, medical staff, dental staff, behavioral health staff, pharmacy staff, and enabling staff.
- Equipment: To include Mobile Medical Vehicle, vehicle, vehicle for staff transportation to outreach locations.
- Supplies: To include tablets for check-in/check-out, refresh and enhance outdoor employee and materials for pediatric immunization campaign.
- Contractual: To include contract with a staffing agency

Jim indicated that management was looking for their input as this will be presented to the full board in May for approval. These items will be able to be modified if need be.

The committee was afforded the opportunity for questions. After discussion, the committee expressed that they were okay with the H8F Budget to be presented in the May Full Board meeting.

**V FY22 Budget**

Max reviewed the FY22 Draft budget which, if the committee approves, will be presented to the full board for approval this month. The summary is as follows:

- General Allocations: Max reported the allocations were developed using 4 different methodologies and did not change from last month's review.
- Revenues: Max reported that the patient mix was determined by using the 10-month actuals from FY21 for each individual service line. Other operating revenue were calculated by evaluating a 3-year historical average as well as a direct look at FY21 YTD actuals projecting conservative increases. Year 1 of the proposed H8F funding stream revenues and expenses were added into the budget. Max indicated there will be a possible increase in the PPS rate due to the FY21 cost report submission for a scope change. Although it is not able to be estimated at this point, it is assumed there will be a slight increase in the PPS rate for both medical and dental services due to increased costs associated with COVID-19. These changes, if an increase to visit rate, will have a positive impact on the bottom line and is estimated/expected to show the effect to cash flow beginning January 2022.
- Productivity: Each area's productivity metrics were calculated using FY21 YTD actual averages.
- Staffing: This budget rolls in a 3% annual increase for all staff, effective July 1. It also factors in market adjustments for some positions throughout the organization that need to be updated. This will also carry forward all vacancies from the FY21 budget as well as adds in additional positions to further enhance existing service lines.
- Other expenses: Remaining expense line items were factored using a 3-year historical average plus 3% increase for inflation. Medical supplies factored a portion of continued costs associated with increased PPE purchase. Increased employee engagement costs, such as staff education, to further build investments in the workforce. Cyber security

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insurance costs were budgeted at a 30% increase due to market costs significantly rising from the threat of ransomware attacks.

Max indicated that management was looking for approval from this committee to recommend approval of the FY22 budget by the full board. After questions and discussion, the following motion was made:

**Motion # 2 Matt McLaughlin made the motion to recommend approval of the FY22 Budget by Full Board. Barb Barbus seconded the motion. The motion passed unanimously.**

**Announcement for the next meeting:** Max made the committee aware that Baker Tilly will be joining the June meeting via Zoom and to please allow one hour for the June meeting. Of note, at the time of the next Finance and Audit Committee meeting, Baker Tilly will already have completed the first four days of their preliminary work.

**Next Meeting: June 14, 2021 @ 5 PM Conference Room 431 Hepburn Street or via Zoom**