

La Causa, Inc. Board of Directors

Wednesday March 5th, 2025, 11:30pm – 1:30pm

Meeting Minutes

Present: Scott Sanders, Bob Kotecki, Eddie Jimenez, Bob Buttermore, Erico Ortiz, Gus Hernandez, Aaron Bruner, Nilda Cintrón-Cortez, Derek Parker

Absent: Ken Little, Joy Rivera

Staff: Aracelly Bonilla

After lunch which began at 11:30, the meeting was called to order at 12:09pm by Bob Kotecki (Board Chair) and quorum was established. Bob requested a motion to approve the previous meeting minutes and Scott Sanders, so moved and seconded by Bob Buttermore.

Bob Kotecki provided a short update regarding the resignation of Nicole Druckery. In short Bob talked about her tenure during the almost 5 years she served on the board and mentioned how her legal background was invaluable, particularly among real estate and personnel situations. The board all wished her well and no one had questions. Bob ended the conversation with asking if board members knew of anyone with a legal background to connect with either himself or Luis Ayala.

Financial Update

Aracelly Bonilla (CFO) provides a year-end summary of financial performance, with the caveat that financials have not yet been audited by Baker and Tilly. That audit – mentioned Aracelly – will begin in March and commence by mid-May.

2024 Financial Summary

- Unfavorable revenue variance driven principally by Social Services and other:

- Social Services:

- Lack of client engagement, e.g., if client refuses treatment, we cannot bill
- Decrease in referrals
- Decrease in enrollments due to high turnover– new employees can only carry half of caseload for a few months. When we experience high turnover, we can never get to a full employee caseload
- Clients can choose agencies and due to a historical lack of market presence, La Causa is not being chosen at an accelerated rate

- Other:

- Under budget in fundraising-as currently reported. Re-classification of CN revenue would balance this out.
- Credit Card rewards were not cashed in

- Expense favorability is attributable to lower than anticipated labor costs mainly in social services, as a result of vacancies.

- Other:

- Increased expenses of gala
- Unplanned admin expenses: Outsourcing accounting earlier in the year, legal expenses.
- Increase expenses in: Staff recognition & agency memberships

| Revenue | YTD Actual | YTD Budget | \$Var Fav/(Unfav) | % Var Fav/(Unfav) |
|-----------------|---------------|---------------|----------------------|----------------------|
| Charter School | \$ 10,189,455 | \$ 9,436,552 | \$ 752,903 | 8.0% |
| Social Services | 3,047,992 | 5,529,414 | (2,481,422) | -44.9% |
| Early Education | 2,054,549 | 1,913,079 | 141,470 | 7.4% |
| Crisis Nursery | 526,332 | 451,517 | 76,815 | 17.0% |
| Other | 280,373 | 331,000 | (50,627) | -15.3% |
| Total | \$ 16,100,701 | \$ 17,661,562 | \$ (1,560,861) | -8.8% |

| Expense | YTD Actual | YTD Budget | \$Var Fav/(Unfav) | % Var Fav/(Unfav) |
|-----------------|---------------|---------------|----------------------|----------------------|
| Charter School | \$ 9,037,914 | \$ 9,318,736 | \$ (280,822) | 3.0% |
| Social Services | 3,947,393 | 5,326,848 | (1,379,455) | 25.9% |
| Early Education | 1,829,520 | 1,932,150 | (102,630) | 5.3% |
| Crisis Nursery | 703,616 | 713,308 | (9,692) | 1.4% |
| Other | 387,269 | 302,035 | 85,234 | -28.2% |
| Total | \$ 15,905,712 | \$ 17,593,077 | \$ (1,687,365) | 9.6% |

| Surplus/(Deficit) | YTD Actual | YTD Budget | \$Var Fav/(Unfav) | % Var Fav/(Unfav) |
|-------------------|---------------|---------------|----------------------|----------------------|
| Charter School | \$ 1,151,541 | \$ 117,816 | \$ 1,033,725 | 877.4% |
| Social Services | (899,401) | 202,566 | (1,101,967) | -544.0% |
| Early Education | 225,029 | (19,071) | 244,100 | 1280.0% |
| Crisis Nursery | (175,284) | (261,791) | 86,507 | 33.0% |
| Other | (106,896) | 28,965 | (135,861) | 469.1% |
| Total | \$ 194,989 | \$ 68,485 | \$ 126,504 | 184.7% |

Conversations centered around social services continuing to be a focal area for 2025. She mentions continuing to assess program performance through analytics and an ongoing discussion on how these programs fit into La Causa’s portfolio. Early Education was discussed on how well it performed and expectations going forward.

No questions were raised.

Aracelly presented La Causa’s cash position and mentioned the decrease was driven predominately by an erosion in net asset due to social services. Partial offset was attributable to strong MPS payments through charter school.

Cash Reserve Position – FY 2024

- We have four cash reserve accounts: Reserve 1, Reserve 2, Reserve 3 & Scholarship
- 2025 Expected cash payments:
 - MPS reimbursements for food program
 - MPS contractual payments 3 and 4
 - Title I & Title III Claim Reimbursements
 - Special ED Payment

As of 12/31/2024

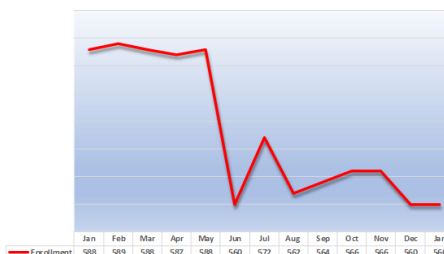
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|---------------------------------------|---------------------|
| Cash Reserves | \$ 2,396,846 |
| Operating Account | \$ 2,559,933 |
| Total Current Cash | <u>\$ 4,956,779</u> |
| FY 23 End of Year Cash Balance | <u>\$ 4,348,673</u> |
| Diff | <u>\$ 608,106</u> |

No questions were raised.

Luis Ayala presented summarized enrollment results for both Early Education and Charter School. He opened the presentation with mentions of showing rolling 12-month numbers to give the board a better feel for how seasonality impacts enrollment. Moreover, he mentioned how you can see how decreases for charter school are quantified.

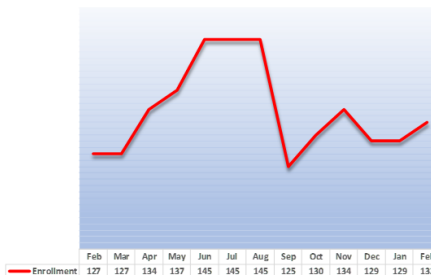
Charter School

- Full year enrollment depiction: Jan 2024 – Jan 2025
- Historically, charter school has seen declines of 12%-15% from one academic year to the other
 - Comparison from Jan 2024 – Jan 2025, we see a decline of 5%, hence mitigating erosion
- The loss of 6 students from Nov – Dec, was driven by families moving out of state: NV, TN, CT, Mexico & Nicaragua
- Greater focus on grass roots measures to improve enrollment – canvassing neighborhoods with fliers and booklets



Early Education & Child-Care

- Full year enrollment depiction: Feb 2024 – Feb 2025
- Year over year comparison yields a 4% increase from prior year February to February 2025
- Full year reveals seasonality trends as summer months (June – July) spikes as summer care demand increases
 - Conversely, we see a drop - 7% in this case - when summer care ends
- 2024 prediction was that enrollment would stabilize and grow slightly through-out the year
 - We're seeing that materialize
 - Expectation to continue gradual growth approach 136-137 by May 2025

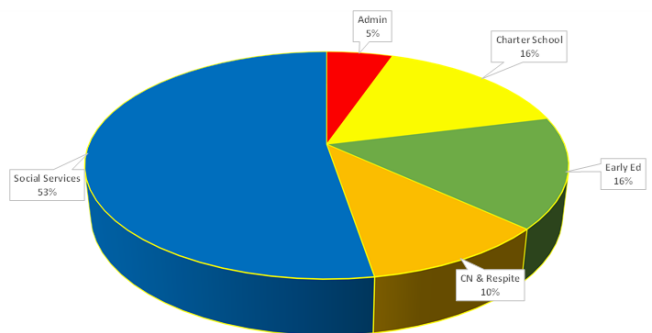


Gus Hernandez asked why enrollment spikes so much for early education and Luis replied this is typical, that during summer months when parents need childcare due to work obligations, they utilize our early education services.

Luis Ayala shifted the focus to agency wide vacancies and presented the latest results.

Agency Vacancies

- Agency wide vacancies stand at 18 through January 2025
- Administration:
 - Only one open position for a facilities worker – that is currently on hold. Reassessing the need for this position
- Social Services:
 - CSC/CCS Youth – Parent Peer Specialist, Occupational Therapist, Care Coordinator, Treatment Foster Care Specialist, Clinician Third Shift Crisis Mobile
- Charter school:
 - Two teacher positions – Special Education & Physical Education
 - Utilize temporary help through a contracting firm to fill the need
- Crisis Nursery:
 - Bilingual Program Coordinator (succession planning for a second in command at Crisis Nursery)
- Most recent agency-wide turnover rate, February 2025 = 3%
 - This is driven exclusively by Social Services & Early Education, who both saw three and five resignations during the month of February



Main presentation point was that – unsurprisingly – the majority of vacancies were driven by social services, particularly given billing issues, it makes sense that most openings were specific to that division.

No questions were raised.

Luis Ayala provided general updates for the agency.

Other Agency Updates

- Unfortunately, the sale of our Social Services building will not materialize, and the buyer has pulled the offer
 - City of Glendale did not approve the buyers plan for repurposing the building
 - Buyer was unsuccessful in finding another purpose
 - Remains on the market and we've had two different buyers tour the property - no real interest
- Early Education has successfully opened an additional classroom giving us capacity to increase enrollment
 - We've moved two existing teachers into the new room and have increased enrollment by 4
 - Projected capacity to increase by a total of 6, which could potentially move enrollment closer to 140
- La Causa has been named "*2025 Milwaukee Journal Sentinel Top Workplaces of Southeastern WI*"
 - Official announcement in April, special publication to run April 13th
- 2025 Gala Update:
 - Thursday September 11th, 2025, at the Baird Center, 5:30pm (*save the date reminders to go out soon*)
 - Prior year raised \$157K, this year's goal is \$200K
 - We'll need a push for additional sponsorship, as this category was the only to pace behind 2019
 - If board members have contacts for their sponsorship department's, please share with Spencer Brink and myself
 - Welcome ideas for corporations that we may not have historically considered
- Closely monitoring and having continued conversations with our partners at the county, Next-Door Foundation (early education partnership) and MPS about any disruptions to funding given the current Administrations austerity measures.
 - Much uncertainty, but no one has indicated funding impacts

Scott Sanders and Gus Hernandez asked if there was a potential new suitor related to the sale of Ironwood; Luis Ayala responded that currently there isn't a potential buyer. The question was asked whether leasing was still an option. Luis Ayala responded by saying, although that wouldn't be an ideal situation, it was still something that would be considered...given the need to move out and realize cost savings for social services.

Many board members asked about the state of social services and both Aracelly and Luis answered questions regarding performance and future outlook. Derek Parker and Aaron Bruner discussed whether cases could be distributed to other programs to help offset the burden. Luis Ayala responded that because of county compliance regulations, this option was not possible.

A brief announcement was made regarding our 2025 Gala to be held on September 11, 2025 at the Baird Center and save the date flyers were placed in each board members packets.

Bob Kotecki adjourned the meeting at 1:17pm