

## La Causa, Inc. Board of Directors

Wednesday September 18, 2024, 11:30pm – 1:30pm

### Meeting Minutes

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

Staff: Aracelly Bonilla

The meeting was called to order at 12:05pm by Bob Kotecki and quorum was established. Bob requested a motion to approve the previous meeting minutes and Scott Sanders so moved and seconded by Gus Hernandez.

Luis Ayala made an official introduction of both Aaron Bruner and Derek Parker to the board. Luis provided a brief history of their experience as insurance professionals for American Family Insurance and welcomed both to the board and company

#### Financial Update

Aracelly presented financial results through July of 2024.

#### Financial Summary – YTD July

- La Causa's YTD surplus is principally driven by Charter School and Social Services
  - Charter School's net favorable position is attributable to the ESSER reimbursement recognized in June. These funds were used primarily for transportation, IT, facilities and teacher stipend payments
  - Charter School expenses were up due to a combination of transportation costs and end of academic year labor adjustments for 10-month employees
  - Reimbursement was recognized in June to match corresponding expenses incurred in the same month
  - Charter School favorability was offset by continued struggles in Social Services programs of (\$553K), driven by:
    - Slower than anticipated referral growth
    - Labor vacancies
    - Low employee utilization rates
  - Early Education continues to perform strong and achieve consistent star bonus payments of roughly 30%
  - Category "Other" is simply timing of grant recognition – we would expect stabilization by year-end

Revenue	YTD Actual	YTD Budget	\$ Var Fav/(Unfav)	% Var Fav/(Unfav)
Charter School	\$ 7,321,713	\$ 5,504,655	\$ 1,817,058	33.0%
Social Services	1,875,637	3,225,492	(1,349,855)	-41.8%
Early Education	1,241,313	1,115,963	125,350	11.2%
Crisis Nursery	240,415	263,385	(22,970)	-8.7%
Other	80,080	193,084	(113,004)	-58.5%
Total	\$ 10,759,158	\$ 10,302,579	\$ 456,579	4.4%

Expense	YTD Actual	YTD Budget	\$ Var Fav/(Unfav)	% Var Fav/(Unfav)
Charter School	\$ 5,893,991	\$ 5,435,930	\$ (458,061)	-8.4%
Social Services	2,389,521	3,107,328	717,807	23.1%
Early Education	1,059,329	1,127,087	67,758	6.0%
Crisis Nursery	409,871	416,096	6,225	1.5%
Other	207,112	176,186	(30,926)	-17.6%
Total	\$ 9,959,824	\$ 10,262,627	\$ 302,803	3.0%

Surplus/(Deficit)	YTD Actual	YTD Budget	\$ Var Fav/(Unfav)	% Var Fav/(Unfav)
Charter School	\$ 1,427,722	\$ 68,725	\$ 1,358,997	1977.4%
Social Services	(513,884)	118,164	(632,048)	-534.9%
Early Education	181,984	(11,124)	193,108	1736.0%
Crisis Nursery	(169,456)	(152,711)	(16,745)	11.0%
Other	(127,032)	16,898	(143,930)	-851.8%
Total	\$ 799,334	\$ 39,952	\$ 759,382	1900.7%

Aracelly briefly explained ESSER funding – COVID funding through the department of public instruction to aid in academic and technology related capital expenditures. No questions from the board.

#### Cash Reserve Projections

- We have four cash reserve accounts: Reserve 1, Reserve 2, Reserve 3 & Scholarship
- Expected cash includes monthly billing for services provided
- Monthly expenses include salaries, benefits, operational expenses
- Expected cash payments:
  - MPS reimbursements for food program
  - ESSER funds from the 23/24 academic year
  - Gala Revenue

**As of 8/31/2024**

Cash Reserves	\$ 2,385,572
Operating Account	3,610,597
<b>Total Current Cash</b>	<b>\$ 5,996,170</b>
<b>- End of Year Projection -</b>	
Billing for Services	\$ 1,877,020
Expected Cash Payments	1,731,753
<b>Total Cash Influx</b>	<b>\$ 3,608,773</b>
Operational Expenses	\$ 5,393,351
<b>Total Expenses</b>	<b>\$ 5,393,351</b>
<b>Projected Ending Cash Balance</b>	<b>\$ 4,211,592</b>

Aracelly went into an explanation of expected cash inflows and outflows and how we anticipated ending the year at a healthy reserve cash balance of \$4.2M.

The final finance presentation was a year-end operational projection where Aracelly spoke to how we anticipate ending the year based on financial trends through July.

#### FY 24 Yearend Projections

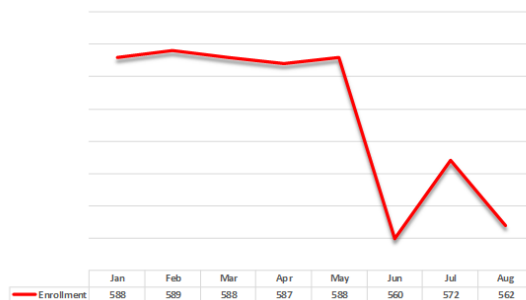
- Assumptions:
  - We close the gap for Crisis Nursery through donations and fundraising
  - Admin expenses are absorbed within the divisions listed
  - Social Services – Ended RSC programming

	YTD Actuals July	Projection Aug - Dec	Year-End Projection
<b>Early Education</b>			
Revenue	\$ 1,241,312	\$ 800,000	\$ 2,041,312
Expense	1,059,329	755,000	1,814,329
Surplus / (Loss)	\$ 181,983	\$ 45,000	\$ 226,983
<b>Charter School</b>			
Revenue	\$ 7,321,713	\$ 3,453,000	\$ 10,774,713
Expense	5,893,991	3,850,000	9,743,991
Surplus / (Loss)	\$ 1,427,722	\$ (397,000)	\$ 1,030,722
<b>Social Services</b>			
Revenue	\$ 1,875,637	\$ 1,325,000	\$ 3,200,637
Expense	2,389,520	1,705,000	4,094,520
Surplus / (Loss)	\$ (513,883)	\$ (380,000)	\$ (893,883)
<b>Total Projected Year-End Surplus / (Loss)</b>	<b>\$ 1,095,823</b>	<b>\$ (732,000)</b>	<b>\$ 363,823</b>

Luis presented enrollment information for both charter school and early education.

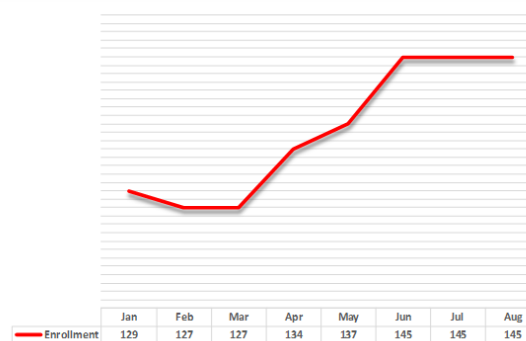
### Charter School

- The June drop represents our annual protocol of calling parents to confirm registration for the upcoming school year.
- Official student count will happen Friday September 20<sup>th</sup>
  - Seen fluctuation June – July, but should stabilize after the official Friday count
  - Currently 10 students recorded as no shows during the first few weeks of school
  - Possible enrollment number between 555-560



### Early Education & Child-Care

- Enrollment has increased nearly 12% driven by:
  - Increased focus on community outreach
  - Customary to see slight increases driven by summer care
  - Expect a decline post summer - as kids head back to school

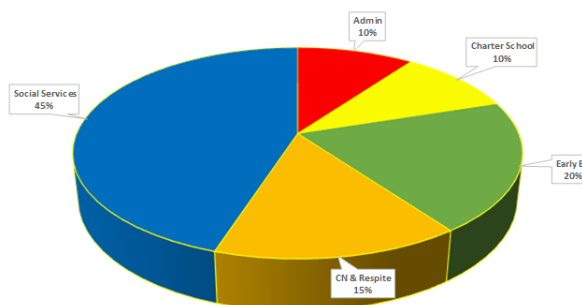


Luis mentioned how this current trend is historically aligned with years passed as enrollment spikes during summer months to accommodate non summer school kids and increased child care needs.

Luis spoke to agency-wide vacancies and how social services continues to be the biggest need and challenge.

### Agency Vacancies

- Agency wide vacancies stand at 20 through August 2024
- Administration has seen movement:
  - Finance for the first time in years is fully staffed: CFO, Manager, Payroll Specialist, Accounting Specialist, Compliance Manager and Compliance Specialist
  - HR has recently hired a desperately needed recruiting specialist – leaving one open position in HR
- Social Services open positions:
  - Mental Health Advisor, CSC/CCS Youth Clinician, Occupational Therapist, CSC Care Coordinator, REACH/Youth CCS Care Coordinator, CORE Occupational Therapist
- Charter school has filled all but two teaching positions
  - Current opening is in special education (SPED) and computer science



## Social Services Updates

- RSC (Recovery Support Coordination):
  - Discontinued operations as of July end
  - Program expected to be fully divested by end of September
  - 33% of cases have been retained and transferred to other programs
  - Three staff members transferred to other programs (TCM & CCS)
  - Expected to mitigate roughly (\$70K) in losses
- New Business:
  - Third Shift Crisis Mobile awarded through RFP
  - Expected to start operations January 2025
- Program Assessment:
  - New approach to measuring employee productivity by calculating utilization rates
  - New targets of reaching 80% utilization will kick off January 2025
  - Potential incentive-based program if target threshold is exceeded
- Challenges:
  - Continues to be hiring – candidate pool remains limited
  - With the transition of wraparound/reach, every program is “fee-for-service”

Bob Kotecki, Scott Sanders and Bob Buttermore reiterated their support for the closure of the RSC social service program and mentioned how program assessment should continue to be the focus.

## Other Agency Updates

- Lead teacher hired at our early education facility with the possibility of opening an additional classroom to attract enrollment:
  - Beneficial since childcare count payments will be based on enrollment going forward
  - Highest month average will no longer factor into payment calculations
- Easement proposal to construct a digital billboard outside of Social Services (Ironwood)
  - Payment of \$250,000 to La Causa
  - Contractual assurance that messaging would not be counter to La Causa's mission and vision
- 2024 Gala Update
  - 203 confirmed attendees / outpacing previous years, including 2019 (pre-covid)
  - 26 sponsorship table sales
  - Total pre-event dollars raised = \$92,200 / pacing nearly \$32K ahead of last year
- Secured an additional \$25K from the City of Milwaukee in the form of a grant to assist Crisis Nursery
- Budget Timelines:
  - Officially kicked off budgets, starting with charter school
  - Plan to present to the Finance & Audit Committee on **November 20<sup>th</sup>**
  - Final presentation and approval to the full board on **December 4<sup>th</sup>**

Eddie Jimenez asked about the duration of lease and Luis answered that it would be in perpetuity. Gus Hernandez questioned where we would be positioned to ask for a percentage of future revenues generated from the easement and Luis mentioned he would look into it.

Bob Kotecki asked if there were any additional questions and mentioned there were no resolutions to vote on. Meeting was adjourned at 1:14 PM.