

4CORE Board Meeting Minutes: November 21, 2013



LOCATION

Carnegie Building Meeting Room

BOARD MEMBERS PRESENT

Werner Heiber
Tom Holcomb
Mary Beth Miles
Peter May Ostendorp
Lew Pratsch (via skype)
Kurt Schneider
Paul Senecal

ABSENT

Enid Brodsky
Gwen Lachelt
Roy Peterson
Mark Schwantes

4CORE STAFF IN ATTENDANCE

Gregg Dubit
Bonnie Rozean

GUESTS –

None present

Call to order - 3:10pm

Peter noted a change to the agenda. It was decided not to have a program update in November. This has been moved to December's meeting.

Introductions were made.

OLD BUSINESS

Approve minutes from October 17th.

Motion: Werner made a motion to approve the October board meeting minutes. Paul seconded.

Vote: Motion approved.

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NEW BUISINESS

Kurt discussed the financial position of 4CORE as of the end of October 2013 noting the cash position and accounts receivables. Anticipated cash at year end is forecast to be approximately \$94,000. Wages have increased since August as the HomeRx position wage expense has increased. Kurt noted the remaining balance in the CSC grant which is forecast to be spent out by year end; this may be extended until the end of February. The reported net loss includes Weatherization depreciation losses. Kurt went over the Statement of Activity. In September the reporting reformatted to report the four focus areas from the strategic plan. Wages are not currently being allocated to each of the focus areas. By 2014 all allocations will be included. Gregg elaborated on this transition. Kurt reported that the Ballantine Foundation awarded \$2.500 to 4CORE for the Solarize La Plata program. Energy Efficiency audits are being discounted to promote the program. Seven residential and two commercial audits were done in October. The Solarize program is funneling clients to EE so residents can reduce their usage prior to installing solar. Staff is implementing Salesforce a customer relations management software program to facilitate all programs particularly EE and Solarize. Incentives from the utilities and the City of Durango will begin to subsidize the audits and discounts will no longer be needed to be offered. Solarize leads are coming in through the website.

Gregg offered the board to ask any questions regarding the financials at any time.

Paul asked if LPEA was funding Solarize. LPEA has sent a letter to fund \$10,000 to fund EE and has decided not to fund Solarize at this time.

Minimum Reserves

Kurt discussed the drafted Operating Reserve policy that had been drafted by staff and the Treasurer. The policy recommends a two month cash reserve and how these funds are to be accessed and replenished. The two month period is based on operating costs less pass through funding.

Tom asked for clarification on when the funds would be accessed which is noted in the Use of Reserves section of the policy. The reserves would not be used to subsidize a failing program. The reserve amount is based on the budget each year.

Kurt next discussed the Lights Out (LO) Reserve policy draft which sets aside adequate funds to close the organization in a worst case scenario.

Mary Beth arrived at 3:35 pm.

Kurt will email the Lights Out policy to the board. Kurt discussed how the LO reserve policy amount was arrived at with projected expenses for minimal staff, rent, IT, storage for records, and the final 990 and financial audit.

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Peter called for the motion.

Motion: Mary Beth moved to approve the Operating Reserve and Lights Out reserve policies as presented effective immediately. Werner seconded.

Vote: Motion approved.

2014 Budget Presentation & Discussion

Peter informed the board on the steps that have been taken to prepare the 2014 budget draft that is before the board with the goal of approving the budget at today's meeting.

Gregg thanked the board for their hard work in 2013. The mission was reviewed. A strategic plan with four focus areas was created which has made planning more efficient. Gregg gave some background on 4CORE's funding history and the downsizing that has taken place in the last two years. Gregg pointed out that funding is being diversified with less of an emphasis on grant funding. Discussion was held on separating out the fee for service contributors from the other funders in Gregg's chart.

Gregg discussed the 2013 budget and the deficit spending that has occurred during the current year. Gregg went over the projected yearend balance which includes the commitment from LPEA.

Gregg articulated financial goals for 2014 which include stabilizing existing revenue, continuing to diversify revenue streams, and to develop long term sustainable funding mechanisms. Gregg thanked the board for their assistance with 4CORE's messaging to its funding partners.

Gregg went over a cash management strategy which includes establishing the reserves, tracking and reporting revenue and expenses, limiting deficit spending, modifying and/or terminating non performing programs, and implementing appropriate staffing.

Both the Refuel Colorado and Indoor Air Quality grants are scheduled to end in August 2014 and staffing levels are budgeted to decrease at that time. Office space and rent expenses are also budgeted to decrease concurrently.

Gregg noted that probabilities were assigned to the funding pipeline.

Gregg presented the 2014 production and revenue tracking by focus area worksheet which will track revenue and expense activity compared to the goals established. Board input will be requested to assist with program continuation/termination decisions.

The 2014 budget is a balanced approach with two reserve funds funded.

Gregg presented graphs showing budgeted revenue by focus area, personnel wage expense by focus area and total expenses by focus area. Gregg shared his work towards creating a nonprofit

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coop to form an umbrella organization to help defray the management and general expenses which become a higher percentage of the expenses as the budget decreases. Energy efficiency is budgeted as the dominant focus area. Tom noted that it might behoove 4CORE to emphasize less than all four focus area with a limited budget. It was discussed that staffing cuts will impact the Education and Training and Innovative Solutions focus areas.

Gregg went over the budget gap by focus area graph.

Gregg discussed the budget assumption which relates to the projected yearend fund balance. The desired goal is not to exhaust the fund balance in 2014 but to also have a fund carry over into 2015. Gregg discussed the funding pipeline developed by staff and the Ways and Means Committee.

Peter inquired about the staffing changes and the ability to carry on the mission. Gregg replied that agility and trained skill sets do suffer with reduced staffing and the Executive Director is pulled more into daily operations and has less time to fundraise. Board involvement in fundraising efforts is critical.

Tom commented that a lot of thought has gone into this budget and the biggest goal is to determine which programs are going to be self sustaining. Discussion continued regarding the investment into Rx and Solarize and how that is paying off strategically. Lew commented that this is a reasonable and conservative budget. Peter stated that he feels much more confident about this budget. Paul commented that it is time to implement the strategic plan and test the results. The staffing scenario has not been shared with staff pending approval of the budget. Werner commented that this budget is very focused and it is important that 4CORE's survives because of its importance to the community. Kurt asked if the timing of conducting audits in the worst part of winter was reasonable. Gregg estimates that the first quarter production forecast will be exceeded. Thermal imaging tends to be clearer in the colder months.

Motion: Kurt moved to approve the 2014 budget as presented. Werner seconded.

Vote: Motion carried.

Ways & Means Fundraising Discussion & Actions

Tom briefly updated the board on the ways and means plan and initiatives that are in the pipeline. Tom brought up the solar garden proposal from BP and LPEA. Discussion was held on scheduling a special meeting to discuss this opportunity in further detail. The application to LPEA is due December 31st. Wednesday, December 4th from 3:00 to 4:00 pm was scheduled for the special meeting at the Carnegie Building.

Additional Business

None noted.

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NEXT MEETING

December 19th, 3:00 – 5:00 pm at the Carnegie Building

It was proposed that programs be highlighted at the December meeting with a potluck celebration at the Carnegie Building.

ADJOURNMENT

Motion: Werner moved to adjourn, Mary Beth seconded.

Vote: Motion approved at 5:05 pm.

Drafted by Bonnie Rozean, Finance Manager

Respectfully Submitted by:

Paul Senecal, Secretary

4CORE Board of Directors