

Board Meeting Minutes

November 16, 2017

Room B – Ottawa Office

Present: Marty Ricconi, John Armstrong, Jim Brusatte, Cherie Reynolds, Jeff Demoss,
Brian Towne, Danielle Brown

Phone: Steve Bouslog, Joan Boldan, Frank Vonch

Absent: Melissa Hulse, Robert King, Peter Corgiat

Present (Staff): Dave Conrad, Ray Krause (Sikich)

Marty called the meeting to order at 5 p.m.

Auditor Presentation – Ray Krause

Frank thanked Ray for attending the Blue Tie Affair in June. Ray thanked everyone for attending the meeting. Ray handed out an agenda and a report. He mentioned the shared responsibilities between the auditor and the agency throughout the audit:

Auditor responsibilities - It is the responsibility of the auditor to form an opinion on whether the financial statements given to them are materially correct, that they are fairly presented, and that they conform to the United States GAAP principles. The auditor will also form an opinion on whether supplemental information is stated fairly in relation to the financial statements as a whole. They are also charged with reporting any discrepancies to the board of governance and communicating specific matters to them.

Board of Governance responsibilities - The responsibilities of the board of governance include overseeing the financial reporting process, setting a positive tone at the top and challenging YSB management in any activity in the financial arena, discussing significant accounting matters with management, informing the auditors about any potential fraud or suspected fraud which includes its views about fraud risks, and to inform the auditors about any other matters that may be relevant to the audit.

Management responsibilities – These include preparing and fairly presenting financial statement in conformity with US GAAP, to design, implement, evaluate and maintain effective internal controls (any organization that receives money from external sources must be able to have a good system to account for this income), communicate significant accounting and internal control matters to the system of governance, provide Sikich with unrestricted access to all information relevant to the audit, and to inform Sikich about any suspected fraud, significant deficiencies, material weaknesses or illegal acts. They are also responsible for adjusting the financial statements to include the disclosures and to correct material misstatements within financial statements, to inform the auditors about subsequent events (things that occur after the balance sheet date of June 30 through the current date), and to provide Sikich with certain written representations.

The **independent auditors report** includes the auditor’s opinion on the fairness of the financial statements. A key statement in the report notes that the auditor evidence that they have retained is sufficient and appropriate. Each board member has received an unmodified opinion. It is also required that the auditor mentions that they have reviewed the prior period as well and has provided an unmodified opinion on that as well.

Due to the fact that YSB received funding from DHS and DCFS, they require that the auditor reports according to Government Auditing Standards, which is stricter. The opinion of the independent auditors report means that the financial statements are materially correct (“the numbers”), the financial statements are fairly presented (“the

disclosures and presentation”), and that the financial statements conform with accounting principles generally accepted in the United States GAAP. The report opinion also includes that it is NOT designed to provide assurance about internal controls, that the audit is NOT designed to detect immaterial errors or fraud, and that the audit is designed to obtain reasonable, but NOT ABSOLUTE, assurance about whether the financial statements are free from material misstatement.

The following statements were made in regards to the Independent Auditor’s Report on Internal Control over financial reporting: *“during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses”*. In regards to compliance and other matters: *“The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards”*.

Ray went through the timeline for the audit which began in March and worked through November.

Additional required communications include:

1. Qualitative aspects of Accounting practices: **Comparability** – No new accounting policies were used by YSB, No changes to the application of existing policies, and a change in reporting entity (YSBIV Foundation dissolved). **Sensitive Estimates** – Depreciation (what a company vehicle is worth, etc.), Allowance for accounts receivable (not everybody pays on time). **Financial Statement Disclosures** – The financial statement disclosures are neutral, consistent and clear. **Other** – No transactions for which there is a lack of authoritative guidance or consensus, All significant transactions have been recognized in the financials in the proper period.
2. Difficulties encountered in performing the audit: Sikich did not encounter significant difficulties related to unnecessary brief time to complete the audit, unavailability of expected information or YSB personnel, restrictions imposed by management, or extensive unexpected effort to obtain evidence.
3. Corrected or Uncorrected Misstatements: NO material corrected misstatements/proposed adjustments. There were minimal uncorrected misstatements.
4. Disagreements with Management: None.
5. Management representations: A signed letter from management has been received that the information presented in the audit is accurate to the best of the agencies’ ability and knowledge.
6. Management consultations with other independent accountants: None noted.
7. Other audit findings: None to note.
8. Other matters: Related to option on supplementary information. This information is for the use solely of TCWG of YSB.
9. Other information in documents containing audited financial statements: None.
10. Independence matters: As of this date (Nov. 16) for the entire audit, Sikich is independent with respect to YSB.

In regards to the overall financial statement drafts/audit report, those were comparable to FY16. No new accounting policies were enacted this year, so the footnotes in the report are similar.

There were no new accounting policies established in FY17. Ray highlighted some of the changes that will occur within the next few years, located in the information packet he handed out with the dates they need to be implemented by. Some of these changes have already been put into place. One major change will involve adding

more information in the notes of a financial statement so readers can understand WHY numbers have changed other than just seeing that a number has changed with no explanation as to why, etc. Sikich will keep YSB up to date over the next few years on when to implement and work on a timeline. They are also working on templates to help YSB incorporate the changes.

There will be not too many changes in recording the information within YSB. Ray finished up.

Marty entertained a motion to approve the Sikich report. Moved by Jim Brusatte, 2nd by Jeff Demoss, All passed.

*Marty entertained a motion to adopt the agenda. John Armstrong moved, 2nd by Cherie Reynolds, All passed.
Motion made to approve the October meeting minutes. Jim Brusatte moved, 2nd by John Armstrong, All passed.*

Treasurers Report – Dave Conrad/John Armstrong

Dave sent out the October financial statements along with the agenda. YSB is lagging behind for the first four months of the fiscal year. The agency is starting to trend where we are at. Foster Care cases are still down. Intact is still fine. One of the larger current expenses are legal fees. This was mentioned at the previous meeting. There have been a few legal issues that have put the agency over budget on legal fees for the year thus far. These should average out over the course of the year. Much of this should end up being paid for by the insurance company.

The agency has eliminated therapists in the Rockford office in that it is difficult to find Masters level therapists in the Rockford area. The need is there, so we are currently using outside therapist sources, which over the long run will save money. There is no problem in the other areas. YSB has a hard time competing, salary-wise, with other agencies in the Rockford area. This loss should improve over the year. The budget will likely break even.

A 3% income increase has been budgeted for January 1. This will be determined in January or February. YSB is also in the process of getting health insurance quotes. Employees receive a benefit credit which they can choose to use for their insurance or for their 401K. All efforts are made to ensure that the employees portion of the insurance payment do not spike too dramatically from year to year. YSB continues to negotiate with the insurance company on this issue through an insurance broker. Once this information has been solidified, it will be relayed to all staff.

Motion made to approve the Treasurer's Report. Moved by Brian Towne, 2nd by Jeff Demoss. All passed.

Building and Grounds Committee Report – Frank Vonch

Open house at YSB will be on March 22, 2018. This is a Business After Hours.

Board Development – Jim Brusatte

None.

Personnel Committee – Frank Vonch

None.

Executive Director's Report – Frank Vonch

Every few years YSB is audited by Medicaid in regards to the YSB counseling program. This was recently done and counseling received the highest rating possible.

The Intact Program continues to be under the internal corrective action plan. DCFS in Joliet is making changes within the Intact program. Some difficult referrals are being handled by non-profits, which are coming from DCFS. The department is looking to handle these more difficult cases. The YSB Rockford office is going to start having an

on-site supervisor, which has been handled by another office up to this point. Rockford is currently at level 3. With this change, it is hoped that Rockford will move up to level 2.

The Human Rights Commission held a fact finding meeting with YSB on Nov. 14. More questions have been e-mailed by the Commission and is due by Dec. 5. Frank will update the Board on this as more information becomes available.

Motion made to approve Executive Director's report by Jim Brusatte, 2nd by John Armstrong, All passed.

Marketing/Development – Frank Vonch

Sue will update the Board on current Christmas programs. Please follow the YSB Facebook page, which is kept current. Please contact Sue directly with any questions about Christmas at YSB.

E-mails have been sent to all Board and staff in regards to the Amazon Smile program and the Star Tree Program.

Old Business

The Board has authorized up to \$10K for Child Development Center repairs as discussed in the October board meeting. These changes are under a timeline due to the license coming up for renewal in November. The repairs have been completed totaling \$8K.

QA/CQI – Frank Vonch

None.

The strategic plan has been deferred to the next Board meeting. The Board will also receive the recommendation on salary adjustments at the January meeting. The Board has received the organizational chart, so please review.

Any issues that arise will be given to the Board via e-mail.

Motion made to adjourn by Steve Bouslog, 2nd by John Armstrong, All passed

Next Meeting: Thursday, January 18, 2018 5:00 p.m. Ottawa Office