

**DATE:** June 16, 2020  
**TO:** Board of Directors, Marklund  
**FROM:** Kudus O. Badmus, Chief Financial Officer *KOB*  
**SUBJECT:** Summary Comments – May, 2020 Financial Statements

**BALANCE SHEET**

Overall, Cash and Cash Equivalents increased by \$4.1M or 272% from last month mainly due to the PPP loan of \$3.9M. At the urging of the State, we applied for the federal relief program. We are currently reviewing loan forgiveness criteria and gathering required supporting documentation.

**INCOME STATEMENT**

YTD operating results noted a Cash gain of \$1.4M; favorable to budget by \$375K or 36%.

**The following scope of explanation includes line items that have a 10% YTD variance from budget. Other line items are listed at the discretion of management.**

YTD  
**Operating Revenues**

Operating Revenues consisting of Residential Services, School Tuition, Community Day Services and Other noted an unfavorable variance of \$82K or less than 1%.

**Residential Services:**

YTD, this line item is favorable to budget by \$242K or 1% mainly the result of the 20% increased per diem for all our 16-bed homes necessitated by the State's "Stay Home Order". All CDS programs were ordered closed as a result of the pandemic. The 20% increase was to help offset the cost of keeping residents at home. Surprisingly, our MCDD facilities were excluded. The problem this created was that we couldn't fill our two open beds at MPC.

**School Tuition:**

YTD, this line item is unfavorable to budget by \$116K or 2%. Enrollment at the school has been on hold due to the pandemic. Although the school districts continue to pay based on the number of students enrolled, prospects still couldn't be admitted. That notwithstanding, our list of interested candidates continues to grow. Latest count from our Director of Education indicated up to 10 students waiting for the hold to be lifted.

**Community Day Services:**

YTD, this line item is unfavorable to budget by \$118K or 3%, mostly the result of our community clients as the CDS programs have been ordered closed. IDHS has informed us that these programs will be closed until the end of August.

**YTD**  
**Operating Expenses**

**Salaries:**

YTD unfavorable to budget by \$71K or less than 1%. Since March, we have only been hiring essential positions. All PSPs, Nurses, Housekeepers, Laundry staff and our house parents have been receiving a 10% bonus on their salary. This bonus is expected to end on June 27<sup>th</sup>. Our recruitment team had to resort to Zoom interviews and orientation conducted with social distancing in mind. Now that the state is in stage 3, the department has resumed face to face interviews.

**Benefits:**

YTD, unfavorable to budget by \$216K or 5% due to increased enrollment in our benefits this line item was adjusted from 26% to 27% during the year.

**Consulting-Nurses & Aides:**

YTD, this line item is favorable to budget by \$269K or 51% reflecting the difficulty in getting contract Aides and Nurses to fill our open positions. As mentioned in previous statements, we have been using our In-House Registry and current employees to cover staff shortages.

**Occupancy:**

The YTD favorable variance of \$133K or 6% mainly reflects depreciation and timing of certain expenses. We have had to delay some of our projects (carpeting, painting, window replacements) due to the lockdown.

**Interest:**

YTD, favorable to budget by \$203K due to the minimal use of the Line of Credit. Also, interest on the construction loan is currently part of Construction in Progress and not recorded in Operations.