

**MARKLUND**  
**MINUTES OF THE FINANCE COMMITTEE MEETING**  
**Thursday, May 25, 5:30 p.m.**  
**Marklund Hyde Center, Geneva, IL**

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**CALL TO ORDER**

Mike Herlihy called the meeting to order at 5:30 p.m.

**ALSO PRESENT**

Jerry Finis, Mike Herlihy, Melissa Kud, Yaneth Medina, Frank Murnane

**PRESENT VIA PHONE**

Jeff Blanchette, Gerry Estes, Duane Fitch, Sonya Evanosky, Melissa Kud

**NOT PRESENT**

N/A

**STAFF**

Kudus Badmus, Gil Fonger, Mary Kobbeman

**PREVIOUS MINUTES**

None discussed

**FISCAL YEAR 2021 MARKLUND BUDGET**

Kudus B. began by informing the Committee that COVID-19 affected the budget process this year. Management, in consultation with the Finance Chair and board Chair, decided to focus this year's budget meetings primarily on staffing and capital items. All other expense line items were estimated based on historical spending and anticipated utilization.

Kudus B. stated that Marklund's consolidated revenue of \$35.1M for FY 2021 represents an increase of \$150K or 0.4% over FY 2020 year-end projections. Expenses totaled \$37.4M, an increase of \$4.7M or 14%. Of this increase, the Geneva Day School accounts for \$3.2M, CDS – Roselle, \$488K while merit increases (3%) plus benefits represent approximately \$750K.

Kudus B. continued by highlighting the new school in Geneva, the new CDS program in Roselle and the E-communities program. He went over the proforma for the new CDS program mentioning that this program is expected to near break-even within 18 months. He added that the e-community program is expected to expand Marklund's reach within the community. Gil F. added that the Pandemic has really forced even our sector to see how technology can be leveraged to virtually offer services to individuals with I/DD within the community; hence the introduction of the Marklund E-communities program. Kudus B. explained further that the initial investment of \$240K in this program will come from donated funds. Regarding the new school Kudus B. advised that investment in this program will be captured in future cost report submissions to the Illinois State Board of Education (ISBE).

Gerry E. inquired about what the CDS program in Roselle represents as he was unaware of it. Gil F. answered that the program came out of the CILA project. It extends services to less profound clients. The plan was to launch after the CILAs had opened but since we are still waiting for the State's approval, and because of the current pressing need for such a program at this moment, management thought it would be a low-cost way to start the community program before building CILA homes. Actually, we are hopeful that a number of the clients may end up at our CILAs, Gil F. further added. Sonya E. asked about the fee structure

to which Kudus B. responded that Private Pay is \$95 per day with 21 slots reserved for them. The remaining 15 slots are intended for 31-U clients at a lower rate. Duane F. expressed concern relating to the year over year look at the revenue increase of \$136K compared to the expense increase of \$4.6M. This was followed by a very extensive discussion relating to the expense increase, timing of the new programs, merit increase to staff and the ability of Development to support operations to the tune of an anticipated \$2M. Kudus B. and Gil explained the reasoning behind the budget compilation. Kudus B. pointed out that there was a donation of \$1M in the revenue reported for FY 2020 that will not repeat in FY 2021. Additionally, both Gil F. and Kudus B. contended that not awarding merit increases this year may not be in the best interest of the organization given the amount of time spent on retention initiatives in the last year. Gil F. added that as events unfold in the coming fiscal year, management may consider recommending a temporary suspension of the retirement savings match (5%), an annual spend of approximately \$600K. After further analysis of the operating budget, Kudus B. proceeded to present the Capital Budget.

### **CAPITAL BUDGET**

Kudus B. informed the committee that Leadership completed an item-by-item review of the \$1.6M Capital Budget. Priority 1 and 2 items marked for purchase in FY21 amounted to \$732K. Management will transfer \$484K in restricted fundraising and \$200K from the endowment revenue for these purchases. The Capital Campaign for building construction and major renovations is not included in the Capital Budget and will be tracked separately. Kudus further explained that items tagged priorities 3 & 4 are for items that would be purchased in the next couple years. The Capital Budget also helps the Development department understand the organization's future capital needs. Frank M. suggested the inclusion of prior year information by priority in the future Capital Budget presentation for proper comparison. Kudus B. agreed.

### **MARKLUND CHARITIES**

Kudus B. said that FY 2020 revenue projections for the Development department approximates \$4M while the FY 2021 anticipated revenue will total \$3.2M. The apparent deficiency of \$815K is the result of an unexpected donation of \$1M that was received in FY 2020. Fundraising expenses for FY 2021 will approximate \$950K. Net fundraising of \$1.9M is anticipated for FY 2021. Sonya E. expressed concern that the Development budget may be a bit ambitious given the current pandemic and the economy as a whole. Gil F. responded that the numbers were well vetted by the Development department and each revenue line item was thoroughly examined. He said he did not see any reason to adjust the numbers down noting further that an adjustment may be necessary as things unfold but there wasn't any basis for a lower number at this time.

Following further discussion, Mike H. called for a motion to recommend the budget to the Board for approval; Yaneth M. motioned and Gerry E. seconded the motion. The motion carried without exception.

### **OTHER BUSINESS**

Mike H. reviewed the investment policy sheet.

### **ADJOURNMENT**

Mike H. called for a motion to adjourn; Yaneth M. motioned and Jerry F. seconded the motion. The motion carried without exception.