

MARKKLUND

FINANCE COMMITTEE COMMISSION

Purpose:

The Finance Committee shall be responsible for the proper fiscal oversight of Marklund including (a) review and maintenance of accurate financial records and statements; (b) oversight of budget preparation and ongoing financial planning; (c) preservation of organizational assets; (d) compliance with State and Federal financial requirements.

Members:

The Finance Committee shall consist of no less than five (5) members and no more than seven members of the Board of Directors. The Chair of the committee is appointed by the Board Chair each year. The Committee Chair together with the Board Chair, President/CEO and CFO will identify and appoint committee members. The committee membership should represent a cross section of the full Board in terms of tenure on the board.

Key Responsibilities:

1. The Finance Committee shall consider and review all of the financial matters and operations of Marklund.
2. The Finance Committee shall provide to the Board of Directors, at its regularly scheduled meetings, reports of its deliberations and findings including recommendations with respect to such matters and operations.
3. The Finance Committee shall review the proposed annual capital and operating budgets for Marklund.
4. The Finance Committee shall provide oversight for major expenses including but not limited to, insurance, compensation, (except for executive compensation), legal, investment, budget, cash management, audit, financial reporting, reimbursement, and business development.

Fiscal Year 2022 Budget Marklund

Executive Summary

The total consolidated budgeted revenue for FY 2022 is \$37.5M. Marklund operations will record an increase of \$2M while we anticipate generating \$3.4M in Fundraising. As explained in the Revenue section (tab 4), we identified 3 significant gifts totaling \$1.3M and an extra event with a net proceed of \$168K recorded in FY 2021 that will not repeat in FY 2022. Please be cognizant of this when comparing FY 2021 year-end projections to FY 2022 budget. Consolidated Expenses are budgeted at \$40.6M or an increase of \$3.4M. Salaries and Benefits account for \$2.3M of which \$1.9M represents staffing investment at the Day School; MDS will increase enrollment by 26 students during the year. Merit increases account for \$550K. Other non-salary material variances are addressed in the related section (tab 5). While it appears that Revenue is going up by 2% and Salaries by 9%, when the fundraising outliers and the school investment are factored out, the true increases are 6% and 2% respectively.

The budget for FY 2021 was prepared under uncertain circumstances including a nationwide shutdown and constant IDPH and DHS pandemic regulations. No visitation rule was imposed, CDS program was closed for an extended period of time, while the Day School transitioned into all virtual with little reaction time. These uncontrollable situations had a considerable effect on our admissions and student enrollments. Nonetheless, our dedicated staff rose to the occasion without any major disruptions in our programming. Notable accomplishments during FY 2021 include:

- Increase in the PSP starting rate from \$12 per hour to \$15/hour.
- Reduction of the construction loan by \$3.3M from \$7.7M to \$4.4M. Capital Campaign balance is currently \$1.6M.
- Transfer of \$2M from fundraising to the Endowment. This fund, which had a balance of \$7M in May of 2011, is currently at \$20M.

We designed the FY 2022 budget to follow these accomplishments with thoughtful investments in our programs and our staff. We added staff in the areas of speech and occupational therapies to better support our school, and we now have a position dedicated to assistive technologies to better communicate with our residents, students, and clients. This budget also includes the addition of a new Community Integration program at the Wasmond Center-CDS. Overall in FY 2022 we will serve 178 in our residential program, 169 in Community Day Services, and a record of 101 at the Day School.

Although the retention program we instituted in FY 2019 continues to yield results, finding nurses and PSPs remains a challenge. In order to remain competitive, we have included an average merit increase of 3% for all our staff. Management decided to utilize a \$135K premium reduction from Blue Cross to help offset some of the merit increases. Marklund contributes over \$2.1M toward our employees' medical and non-medical insurance premiums.

The consolidated Marklund budget projects a net loss of \$64K after adding back non-cash items of depreciation and bad debt allowances. We anticipate a transfer of \$64K from existing donations to break even.

Fiscal Year 2022 Budget

**Marklund Expenses
Allocation Method of Indirect Expenses**

Administration (Mgt and Gen'l):

This cost center gathers administrative expenses such as salaries and benefits, information systems, mileage, occupancy (rent, utilities, telephone...), furniture, equipment, and depreciation. These expenses are incurred solely to support Marklund programs and sites. Therefore, administrative expenses are allocated among various programs. The targeted level of administrative expenses to be allocated is 10% of direct expense for each individual program and/or site.

Transportation:

The Transportation cost center includes such expenses as drivers' salaries, repairs, fuel, insurance, depreciation, and outside service fees. Allocated expenses in this area are based on expected usage by each program and site.

Advertising- Help Wanted:

Open positions are advertised using all available outlets – from prints to social media. The most representative allocation method for advertising is to spread expenses based on each program's and or site's percentage of total salary.