

ACCESS LIVING

FINANCE AND HR COMMITTEE AGENDA

March 24, 2020

4:00 p.m.

- I. Call to Order
- II. Approval of Minutes for Finance Committee Meeting on January 21, 2020
Vote for approval
- III. January FY20 Preliminary Financials
Vote for approval
- IV. Investment Update
Informational purposes
- V. Investment Discussion with Northern Trust
Discussion
- VI. Human Resources Report
Informational purposes
- VII. Other New Business

Finance & Human Resources Committee Minutes

January 21, 2020

In person: Chad Turner, Will Haffner, Ivan Strauss

On phone: Kent Klaus, John Schmidt, Mike Santay, Michael Williams, Felicia Rauls

Absent: Andrés Gallegos

Staff: Neil Anderson, Daisy Feidt, Cam Nguyen, Brenna McCauley

- I. Approval of Minutes
 - a. October 15, 2019 meeting minutes
 - i. Felicia motioned to approve the October 15, 2019 minutes. John seconded approval of the October 15, 2019 minutes. *The motion carried.*
- II. November FY20 Preliminary Financials
 - a. Variance Analysis
 - i. Revenue from the state was \$53,000 less than budgeted due to a timing issue. In the contract line, we have \$31,000 more than originally budgeted; this relates to the Census Grant. The Legacy Campaign has brought in \$31,000. This is a \$6.5 million campaign. Contributions are \$230,000 more than budgeted for the full year. The primary reason is a \$350,000 grant from MacArthur to continue criminal justice work. It was not in the budget. This year when we put together the budget, we had no expectation for planned giving, but we received two estate payouts – Chandler Senior Trust and Fantus Trust. Honor and Memorial Gifts totaled \$137,000. There were many donations in memory of Marca, Maury Fantus, and Cliff Weber. Total revenue variance was \$410,000.
 - ii. Salaries and taxes were \$294,000 better than projected. Half of the CEO retirement package was budgeted in FY20, but the full amount was booked in FY19. There were several open positions as of November: Director of Independent Living, Information & Referral Coordinator, PR Coordinator, and President & CEO. The I&R and PR positions have both been filled. We are not planning to fill the Director of Independent Living position in FY20. A President & CEO has been hired. For the HRA account we put in the full amount of possible liability, but the utilization is about 50%. For consultants we were over budget by \$63,000. Some of that is due to timing, and some is the Disability Consortium work that we are involved in, for which we got a \$50,000 grant from Ford. Daisy explained that Marca got a group together (Disability Consortium) to submit a proposal for MacArthur Foundation's 100 & Change initiative. Her goal was to get on a list of funders from across the US. Stipends were \$24,000 better than expected. This is due to efficiency, primarily with the Stepping Stones program. Equipment was \$22,000 better than budgeted,

mostly because of timing. All other expenses were \$24,000 better than expected. Total expenses were \$402,000 better than anticipated through November.

iii. Overall, we were \$811,000 better than anticipated.

b. Income Statement

i. YTD Actual for November, Budget for November, Variance Column. Total revenues YTD are \$3.4 million vs. projection of \$2.9 million. This is 14% better than anticipated through November. Total expense YTD \$2.7 million vs projection of \$3 million. This is 13% better than anticipated through November. We have a revised excess for November Actuals of \$781,000 vs budget where we anticipated using money from the Major Gifts Campaign.

c. Revenue Comparison

i. Revenue came in considerably higher than anticipated. State grants were \$53,000 less than anticipated. In a few places we have come in ahead of where we thought we would be. One place we are showing a large negative variance is the Fast Track program. We have \$280,000 budget, but we have billed less than anticipated. The issue is that we do not get to bill until the services have been completed. We expect to recognize the full \$280,000 of revenue for this grant by year end.

ii. Kent – is there tracking of students in program

1. Daisy – Yes, the number of students is over what we need to make this. We may end up working with more than we get paid for. It could help us get more money next year.
2. Kent – When is the point in time we would know when we can bill for everyone?
3. Daisy – 2-3 months before the end of the fiscal year. If there is a problem we will know well before.

iii. Federal grants are on target. For contracts, \$40,000 relates to the Census Grant, which we had not budgeted for. Private Sector has a variance of \$227,000. Some of this is due to the MacArthur Grant and Disability Consortium.

d. Cash Flow

i. Net income of \$699,000. There was an increase in receivables, mainly relates to a \$700,000 Major Gifts Campaign pledge. Decrease in liabilities \$795,000. We paid out \$677,000 for Founder's Retirement package. There was a decrease in prepaid expenses. YTD \$32,000 of capital expenditures so far. We will be putting a new phone system in, and we will migrate to a cloud-based email system. There is \$471,000 of endowment and reserve fund activity. We transferred funds from the operations reserve account to cover the retirement package. The

difference is offset by the earnings. Net cash change is \$302,000. There is a \$1.7 million ending cash balance.

- e. Balance Sheet
 - i. The cash balance as of November 30 is \$4.4 million, vs. \$3.6 million year-end FY19. Total fund balance as of November 30 is \$20.7 million vs \$20 million year-end FY19.
- f. Ivan motioned to approve financials. Will seconded the motion. *The motion carried.*

III. Investment Analysis

- a. The balances we are reflecting are as of December 31, 2019. As of June 30 we had \$8.3 million, and as of December 31 we had \$7.9 million. \$677,000 was transferred to pay for the Founder's Retirement Package. There was a \$319,000 gain for the year. There were no new amounts going into the accounts. The donor designated endowment fund has a balance of \$741,000. Chad noted the return of 12% is pretty good.
- b. Management would like the Northern Trust team to come to the next Finance Committee meeting to look at investment strategy. The Committee agreed this is a good idea.
- c. Kent asked if there is a way to get an account statement for a 6 month period, or statements from the first and last months presented to the Committee, such as July and December. Chad noted that we could look at the minutes from 1 year ago to get the numbers, see how things went.

IV. Mid-Year Budget Changes

- a. Youth Mentoring – \$39,000 increase for this grant. We have had this grant for a long time. We did not ask for an increase, but we got one. We are the only agency doing this work. \$207,000 over three years.
- b. HUD FIP – This grant ends in March and does not renew until June 1. There is a \$50,000 decrease in the amount we will recognize this year.
- c. Contracts and Fees for Service – We will get \$40,000 for our Census work.
- d. Foundations – Revised for new grants from MacArthur Foundation, Ford Foundation, and Crown Family Philanthropies. One piece of the Ford amount is the Disability Rights Consortium. Ford also gave money for archiving.
- e. Major Gifts Campaign – This campaign is drawing to a close, so we decreased this line item. It is possible we will see more money come in, but focus has shifted to the Legacy Campaign
- f. Legacy Campaign – The overall goal of the Campaign is \$6.5 million. The goal for this fiscal year is \$3 million. The Committee discussed the Campaign, and whether or not to set a goal in the mid-year budget. It is very hard to predict donations of this size.

- g. Salaries – We are hiring a new MacArthur Foundation Project Policy Coordinator. We are not showing a Director of IL being hired by the time FY20 is done. We show a new President & CEO starting in March. We will not fill the part-time Arts & Culture position, but we will be using a consultant for that slot. Net change of the total salary line is \$536,000.
- h. Management Consultants – Additional consulting fees for \$153,000 for the following roles:
 - i. A&C consultant
 - ii. Fundraising consultant (increase in fee)
 - iii. Disability consortium Consultant (offset by grant)
 - iv. Executive Search \$20,000
 - v. Race Equity Training for Board
 - vi. Lobbyist Fees
 - vii. PR consulting
 - viii. Temporary help for audit preparation

V. FY20 Mid-Year Budget

- a. Expected revenue has increased from \$5.4 million to \$8.9 million. Expected expenses have decreased from \$6.9 million to \$6.5 million. Overall, the budget is 53% better looking at revenue and expenses
- b. Management will remove the \$3 million Legacy Campaign projection. The version of the mid-year budget presented to the board will only reflect what has come in (\$531,000). This change will not impact what we are showing below the line.
- c. We originally believed we would need to use \$1 million of the Major Gifts Campaign. Our new projection has us using \$551,000 of the Campaign. In general, the Campaign money was intended to fund ongoing operations. We will use \$551,000 to get to net zero FY20. That will leave us with \$5.4 million of the Campaign to fund future operations.
- d. John motioned to approve midyear budget subject to the change regarding the Legacy Campaign. Ivan seconded the motion. *The motion carried.*

VI. Allocation of Board Designated Funds

- a. We had a sub-committee that helped reallocate the investment accounts. We came up with a structure that has three accounts we utilize. We could consider adding more money to our endowment because we could draw on that money annually to fund operations. We have substantial reserves. Northern Trust representatives will join the next Committee meeting (March 24) to review our options.
- b. Felicia – Do we have an investment policy statement?
 - i. Neil – Yes, we will include it with our next meeting packet.

- c. Mike – I recall when these were set up. These are not restricted by anyone but the board. The primary reason – having too much cash would work against us from a fundraising perspective. We did not want to lock it up too much in case we need to draw from it. Flexibility in allowing the board to release the funds.
 - d. Ivan – We want endowment for the rainy day.
 - e. Daisy – The idea of having it in a board-restricted fund – if we had a program that was losing funding, but we were confident we would get it back, this fund could be used for it. We have rarely touched it. Should we put more in endowment so we can draw on it? Or should we keep it so we can draw as needed, but we could come to the Finance Committee on an annual basis to ask for money?
 - f. Kent – I think the funds have the right labels. Need clarity on what is intended for what purpose.
 - g. John – Given our projected use of these funds, how should we use it?
 - h. Neil – When we went through the process, we had really never utilized these funds (until founder’s retirement package). It is the same across funds how they are invested. We report the amount of endowment separately for some funders.
 - i. Daisy – Part of the reason we are raising it – it would be nice to use the board-restricted funds to fund operations.
 - j. Kent – Yes, it is intended to serve the gaps we have in the budget.
- VII. HR Report
- a. Neil provided an update of the EEOC statistics as of December 31.
- VIII. Adjournment 5:36pm

Access Living

January 2020 Financials-Variance Analysis

<u>Revenue</u>	<u>Variance</u>	
Government - Local/City	(31,650)	Timing
Major Gifts Campaign/Major Gifts	80,545	
Lagacy Campaign	55,500	
Individuals - Advocates	23,500	
Other	31,852	
Total Revenue	<u>159,747</u>	
<u>Expenses</u>		
Salaries/Taxes	25,453	Open positions
Insurance/Other Benefits/403B Match	28,492	HRA utilization
Special/Group Events/Direct Mail Exp.	17,637	Timing
Specific Program Expense	(16,134)	Timing
All Other Expenses	1,153	Numerous other small items
Total Expenses	<u>56,601</u>	
Excess or (Deficiency)	216,348	
EXCESS or (DEFICIENCY)	<u>216,348</u>	

**Access Living
Income Statement - YTD January 2020**

	YTD Actual January 2020	YTD Budget January 2020	Actual - Budget Variance January 2020
Revenue			
1 Government - Local/City	180,668	212,317	(31,650)
2 Government - State	1,007,080	999,884	7,196
3 Government - Federal	353,191	354,910	(1,719)
4 Contracts	40,000	47,741	(7,741)
5 Service Fees	19,896	24,988	(5,092)
6 United Way	52,378	51,895	483
7 Direct Mail/General Online	24,607	8,265	16,342
8 Major Gifts Campaign/Major Gifts	780,545	700,000	80,545
9 Legacy Campaign	586,500	531,000	55,500
10 Contributions - Individuals	39,681	33,982	5,699
11 Benefit - Individuals	1,576	1,200	376
12 Benefit - Corp/Found/Org	0	0	0
13 Contributions-Corp/Fdn-Restricted &Unrestricted	1,098,315	1,084,800	13,515
14 Individuals - Advocates	73,500	50,000	23,500
15 Second Fundraiser/Planned Giving	49,962	49,962	0
16 Endowment Match	12,859	12,859	0
17 Endowment/Emg. Fund	158,755	158,755	0
18 Honor and Memorial Gift	137,774	137,774	0
19 Restricted Operating Fund	180,407	180,407	0
20 Art & Culture Program Support	13,850	10,000	3,850
21 Vending Machine - Income	1,016	1,430	(414)
22 Realized Gain (Loss)- Stk Sale	(1,989)	0	(1,989)
23 Other Revenue/Parking/Rental/Membership	27,112	25,765	1,346
TOTAL REVENUE	4,837,682	4,677,935	159,747
Expenses			
1 Salaries/Taxes	2,290,039	2,315,492	25,453
2 Insurance/Other Benefits/403B Match	382,038	410,530	28,492
3 Utilities/Telephone	77,127	83,686	6,559
4 Insurance - General Liability	23,174	22,713	(461)
5 Office Supplies/Printing & Forms	26,675	21,550	(5,125)
6 Audit Fees	35,450	35,083	(367)
7 Client Transportation	6,500	8,758	2,258
8 Travel/Food	36,932	40,898	3,966
9 Employment Ads/PR/Photography	2,084	1,375	(709)
10 Subscriptions/Books	6,805	10,638	3,833
11 Memberships	17,975	18,051	76
12 Donations/Contributions	21	876	855
13 Special/Group Events/Direct Mail Exp.	33,052	50,690	17,637
14 Conferences/Seminars	23,664	20,603	(3,061)
15 Advocacy Expenses	36,503	34,767	(1,737)
16 Payroll Fees/Bank Charges	27,005	23,603	(3,402)
17 Legal (Ad,Civil R only)	2,951	5,630	2,679
18 Management Consultants	154,296	154,215	(80)
19 Stipends (JEDA,Clients,Intern)	38,889	46,823	7,934
20 PA/Interpreter/Alternate Format/Stationary	42,439	46,156	3,717
21 Postage	316	1,380	1,064
22 Cleaning & Maintenance	35,566	34,747	(819)
23 Newsletters/Annual Rpt/Brochures	0	2,583	2,583
24 Equip Repair/Rent/Maint Agreement/Software Licensing	70,924	77,709	6,785
25 *Building - Depreciation	220,115	220,115	(0)
26 Depreciation/Bldg Depr. Expenses/Blg Improvement	32,915	14,733	(18,182)
27 Deprec- Buidling Furniture	3,422	0	(3,422)
28 Internet/Computer/Consultant Exp.	18,695	20,643	1,948
29 Vending Machine Expenses	803	1,586	783
30 Art Expenses	11,338	10,948	(390)
31 Specific Program Expense	31,666	15,532	(16,134)
32 Security	10,946	11,314	368
33 Long-Term Pledges	0	0	0
34 Miscellaneous	11,444	4,942	(6,503)
Total Expense	3,711,768	3,768,369	56,601
EXCESS or (DEFICIENCY)	1,125,913	909,566	216,348
1 CROWN FAMILY (FY19&FY20)	(75,000)	(75,000)	
2 *BUILDING - DEPRECIATION	220,115	220,115	
3 LEGACY CAMPAIGN ENDOWMENT FUNDS	(586,500)	(531,000)	
4 MAJOR GIFTS UTILIZED FROM PRIOR YEARS	0	0	
REVISED EXCESS or (DEFICIENCY)	684,529	523,681	

ACCESS LIVING BUDGET REVENUE COMPARISON

DESCRIPTIONS	BUDGET FY20	BUDGET Thru 1/30/20	ACTUAL Thru 1/30/20	VARIANCE Thru 1/30/20
REVENUES:				
Local:				
Lawyer's Committee For Housing	\$ 12,000	\$ 4,500	\$ 6,000	\$ 1,500
CDBG-Housing	\$ 31,140	\$ 18,236	\$ 15,890	\$ (2,346)
CDBG-Youth Mentoring	\$ 69,000	\$ 23,388	\$ 15,095	\$ (8,293)
CDBG- MOPD	\$ 290,000	\$ 166,194	\$ 143,683	\$ (22,510)
RIC- Regular	\$ 25,000	\$ -	\$ -	\$ -
Total Local	\$ 427,140	\$ 212,317	\$ 180,668	\$ (31,650)
State:				
DHS GRF/STEPPING STONES	\$ 729,478	\$ 462,364	\$ 467,071	\$ 4,707
DORS HOME SERV./PA	\$ 350,000	\$ 204,167	\$ 204,167	\$ -
DHS- DONS	\$ 13,440	\$ 7,607	\$ 7,420	\$ (187)
DHS TURBO STEPPING STONE	\$ -	\$ -	\$ -	\$ -
DHS- PTS Contract (I)	\$ -	\$ -	\$ -	\$ -
DHS- COLBERT FEES FOR SERVICE	\$ 100,020	\$ 70,837	\$ 77,500	\$ 6,663
DHS COLBERT/HOUSING RELOCATION GRANT	\$ 300,000	\$ 173,077	\$ 179,523	\$ 6,446
DHS- Fast Track	\$ 280,000	\$ 81,833	\$ 71,400	\$ (10,433)
Total State	\$ 1,772,938	\$ 999,884	\$ 1,007,080	\$ 7,196
Total Local & State Revenue	\$ 2,200,078	\$ 1,212,201	\$ 1,187,748	\$ (24,453)
Federal:				
RSA	\$ 251,285	\$ 151,947	\$ 154,013	\$ 2,067
RSA-EZ	\$ 21,161	\$ 11,880	\$ 11,677	\$ (203)
HUD FHIP	\$ 250,000	\$ 175,000	\$ 175,000	\$ -
HUD-HSG COUNSELING	\$ 33,998	\$ 16,084	\$ 12,501	\$ (3,583)
Total Federal Revenues	\$ 556,444	\$ 354,910	\$ 353,191	\$ (1,719)
GRANTS TOTALS	\$ 2,756,522	\$ 1,567,112	\$ 1,540,939	\$ (26,173)
Contracts:				
UIC- ACS	\$ 8,886	\$ -	\$ -	\$ -
Misc Contract	\$ 52,000	\$ 47,741	\$ 40,000	\$ (7,741)
CONTRACTS TOTALS	\$ 60,886	\$ 47,741	\$ 40,000	\$ (7,741)
SERVICE FEES TOTAL	\$ 60,000	\$ 24,988	\$ 19,896	\$ (5,092)
GRANTS, CONTRACTS, FEES TOTAL	\$ 2,877,408	\$ 1,639,840	\$ 1,600,835	\$ (39,005)
Private Sector:				
UNITED WAY	\$ 88,000	\$ 51,895	\$ 52,378	\$ 483
DIRECT MAIL/GENERAL ONLINE DONATION	\$ 15,000	\$ 8,265	\$ 24,607	\$ 16,342
MAJOR GIFTS/MAJOR GIFT CAMPAIGN	\$ 700,000	\$ 700,000	\$ 780,545	\$ 80,545
CONTRIBUTIONS - INDIVIDUALS/MONTHLY GIVING	\$ 35,000	\$ 33,982	\$ 39,681	\$ 5,698
BENEFIT - INDIVIDUALS	\$ 250,000	\$ 1,200	\$ 1,576	\$ 376
BENEFIT - CORP/FOUND/ORG	\$ 500,000	\$ -	\$ -	\$ -
CONTRIBUTIONS - CORP. UNRESTRICTED	\$ 43,288	\$ 43,288	\$ 49,303	\$ 6,015
CONTRIBUTIONS - CORP. RESTRICTED	\$ 10,302	\$ 10,302	\$ 10,302	\$ -
CONTRIBUTIONS - FOUND. UNRESTRICTED	\$ 558,710	\$ 558,710	\$ 566,210	\$ 7,500
CONTRIBUTIONS - FOUND. RESTRICTED	\$ 486,450	\$ 472,500	\$ 472,500	\$ -
INDIVIDUALS - ADVOCATES	\$ 50,000	\$ 50,000	\$ 73,500	\$ 23,500
SECOND FUNDRAISER/SECOND EVENT	\$ 10,000	\$ 6,962	\$ 6,962	\$ -
ENDOWMENT INTEREST	\$ 24,860	\$ 12,859	\$ 12,859	\$ -
REALIZED/UNREALIZED- ENDOW/EMG. FUND	\$ 158,755	\$ 158,755	\$ 158,755	\$ -
REALIZED/UNREALIZED- RESTRICTED OPERATING	\$ 180,407	\$ 180,407	\$ 180,407	\$ -
REALIZED/UNREALIZED- MAINT. FUND	\$ -	\$ -	\$ -	\$ -
UNREALIZE/REALIZE (GAIN/LOSS) - INVESTMENT	\$ -	\$ -	\$ (1,989)	\$ (1,989)
ART & CULTURE/ILLINOIS ARTS COUNCIL	\$ 10,000	\$ 10,000	\$ 13,850	\$ 3,850
PLANNED GIVING/LEGACY CAMPAIGN	\$ 43,000	\$ 43,000	\$ 43,000	\$ -
HONOR AND MEMORIAL GIFT	\$ 200,000	\$ 137,774	\$ 137,774	\$ -
MEMBERSHIPS	\$ -	\$ -	\$ -	\$ -
BAD DEBT EXPENSES	\$ -	\$ -	\$ -	\$ -
LEGACY CAMPAIGN	\$ 531,000	\$ 531,000	\$ 586,500	\$ 55,500
INTEREST/DIVIDEND INCOME/MISC	\$ 25,000	\$ 18,850	\$ 20,421	\$ 1,570
PARKING INCOME	\$ 5,000	\$ 2,604	\$ 2,375	\$ (229)
VENDING MACHINE INCOME	\$ 3,500	\$ 1,430	\$ 1,016	\$ (414)
RENTAL INCOME	\$ 7,000	\$ 4,311	\$ 4,316	\$ 5
TOTAL PRIVATE SECTOR REVENUE	\$ 3,935,272	\$ 3,038,095	\$ 3,236,847	\$ 198,752
TOTAL REVENUE	\$ 6,812,680	\$ 4,677,935	\$ 4,837,682	\$ 159,747

Access Living
Actual Cash Flow
YTD January 2020

		YTD January FY20
Cash Flow From Operating Activities:		
Net Income (Loss)	\$	1,125,913
Increase in Receivables	\$	(672,574)
Decrease in Liabilities	\$	(791,760)
Decrease in Prepaid Expenses	\$	35,979
Noncash Items:		
Depreciation	\$	256,453
Cash Flow from Nonoperating Activities:		
Capital Expenditures	\$	(31,767)
Endowment/reserve fund Activity	\$	349,196
Net Cash Change	\$	271,440
Beginning Cash	\$	1,975,225
Ending Cash Balance	\$	2,246,665

**Access Living
Balance Sheet
01/31/20**

<u>Assets</u>	<u>01/31/20</u>	<u>06/30/19</u>
1 Cash & Equivalents - Unrestricted	2,246,665	1,975,225
2 Cash & Equiv.- Restricted Operations	-	-
3 Cash & Equivalents - Restricted Passthru	20,322	31,857
4 Cash & Equivalents - Restricted Fiscal Agent	11,063	10,886
5 Cash & Equiv.- Blg. Maintenance Fund	-	-
6 Cash & Equiv.- Emerg. Operation Reserve Fund	-	-
7 Cash & Equiv.- Endowment Fund	-	-
8 Cash & Equiv. - DNR-DSG Endowment	746,341	722,642
9 Cash & Equiv. - AL BD Res Ops RFD-P	4,584,352	5,080,945
10 Cash & Equiv. - AL Board Designated Endowment	2,599,209	2,464,153
11 Revenue and Other Receivables	4,242,759	3,570,191
12 Allowance for Uncollectible Receivables/Pledge Discount	(152,307)	(152,313)
13 Prepaid Expenses	44,601	80,580
Total Current Assets	<u>14,343,006</u>	<u>13,784,166</u>
 PP&E		
1 Land	251,353	251,353
2 Art	59,461	59,461
3 Building/Blg. Improvement	11,555,918	11,541,453
4 <i>Accum Depr- Building/Blg.Improvement</i>	(4,963,445)	(4,727,965)
5 Fixed Assets- Equipment	235,551	239,023
6 <i>Accum Depr- F.A. Equipment</i>	(235,551)	(235,551)
7 Building Furniture and Equip.	964,715	943,942
8 <i>Accum Depr- Furniture and Equipment</i>	(851,626)	(833,362)
9 <i>Fixed Assets- Vehicle</i>	32,500	32,500
10 <i>Accum Depr- Vehicle</i>	(12,768)	(10,059)
11 Fixed Assests- Ombudsman	12,544	12,544
12 <i>Accum Depr- Ombudsman</i>	(12,544)	-
Total Fixed Assets	<u>7,036,108</u>	<u>7,260,795</u>
 Security Deposits	 <u>-</u>	 <u>-</u>
 Total Assets	 <u><u>21,379,114</u></u>	 <u><u>21,044,961</u></u>
 <u>Liabilities & Fund Balance</u>		
1 Accounts Payable	6,259	93,780
2 Other Accrued Expenses	226,995	931,496
3 Pass Thru Liability	1,677	1,415
Total Current Liabilities	<u>234,931</u>	<u>1,026,691</u>
 Total Fund Balance	 21,144,183	 20,018,270
 Total Liabilities & Fund Balance	 <u><u>21,379,114</u></u>	 <u><u>21,044,961</u></u>

Investment Analysis

As of 2/29/20

	<u>Balance as of 6/30/19</u>	<u>Balance as of 2/29/20</u>	<u>Gain/ (Loss) during Year</u>	<u>% Gain/(Loss)</u>
Board Restricted Operations Reserve Fund	\$5,080,945	\$4,506,740	\$102,795 **	2.02%
Board Designated Endowment Fund	\$2,464,153	\$2,482,472	\$18,319	0.74%
Donor Designated Endowment Fund	<u>\$722,642</u>	<u>\$740,048</u>	<u>\$17,405</u>	2.41%
Total	<u><u>\$8,267,740</u></u>	<u><u>\$7,729,259</u></u>	<u><u>\$138,519</u></u>	1.68%

**Transfer \$677,000 to Operating Account

INVESTMENT POLICY STATEMENT FOR ACCESS LIVING

**Approved on October 13, 2008
amended on October 22, 2008
amended on January 28, 2014
amended on March 20, 2018**

Any change to this policy should be communicated in writing on a timely basis to all interested parties.

INVESTMENT POLICY STATEMENT FOR ACCESS LIVING

1. STATEMENT OF PURPOSE

This investment policy statement (“IPS”) provides the framework for the investment management of the endowment and special purpose funds (each a “Fund”) of Access Living (“AL”), a 501(c)(3) nonprofit corporation, as well as the investment of short term cash balances-. The Funds are set forth on Schedule A attached hereto, which may be amended from time-to-time as additional Funds are created. The Funds also may be collectively referred to in this IPS as the “Portfolio.”

2. OBJECTIVES

- a. **Strategic.** The strategic objectives of AL regarding the Portfolio are as follows:
 - To invest for the long term.
 - To maximize the return while assuming an appropriate level of risk.
 - To preserve the real (*i.e.*, inflation adjusted) principal value of the Portfolio.
 - To meet needs as provided for in the approved resolutions of AL’s Board of Directors (the “Board”) that define the guidelines and limitations on using the assets held in the respective Funds. These guidelines and limitations may be revised from time to time by AL Board resolution (see Exhibit A, “Spending Policy,” for a summary of these limitations.)
 - To make socially responsible investments to the extent possible while meeting AL’s other objectives.
- b. **Investment Performance and Risk Tolerance.** The investment performance objectives and risk tolerance objectives for each Fund are set forth on Schedule B attached hereto, which may be amended from time-to-time by the Board.
- c. **Asset Allocation.** Guidelines for appropriate asset allocations in each Fund are set forth on Schedule C, which may be amended from time-to-time by the Board.

3. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has the following responsibilities:

- To review the capital and operating budget needs of AL and to thereby establish an appropriate Spending Policy.

- To appoint and oversee the Finance Committee of the Board (the “Committee”).

4. RESPONSIBILITIES OF THE COMMITTEE

AL recognizes its obligation to ensure that the Portfolio is managed prudently and in material compliance with applicable laws. The Committee’s specific responsibilities include:

- Developing the IPS, including investment and other objectives.
- Selecting classes of assets for investment and establishing an asset allocation policy providing the acceptable ranges and targets for those asset classes.
- Communicating to the investment managers their responsibilities under the IPS.
- Monitoring and evaluating performance to assure that policy guidelines are appropriate, being adhered to, and that the policy objectives are being met.
- Taking appropriate action if investment objectives fail to be achieved. These actions may include, but are not limited to, changing managers or consultants.
- Where a separate custodian is considered appropriate, selecting one or more custodians.
- Reporting on a regular basis to the Board regarding the status of the Portfolio and investment performance.
- Selecting an overall investment manager (“OIM”).
- Reviewing, at least annually, all investment management and investment related costs affecting the Portfolio and measure the OIM against an appropriate peer group. Reviewing quarterly the performance statements provided by the OIM.
- Reviewing at least once a year compliance with the IPS.

The Committee will decide whether to circulate requests for proposals (“RFPs”) to firms who may be interested in serving as AL’s OIM (which firms may include the firm currently serving as the OIM) at least every five years and will make recommendation to the Board of Directors regarding the search for a new OIM. Deviations from this five-year time period must be approved by the Board of Directors.

The Committee may delegate one or more of its responsibilities under this IPS to a duly constituted subcommittee of the Committee provided that the findings and conclusions of the subcommittee are reviewed and adopted by action of the full Committee.

5. RESPONSIBILITIES OF THE DFA

As to the investment of the Portfolio, the Director of Finance and Administration of AL (the “DFA”) shall have the following responsibilities:

- Invest the Portfolio with investment managers and custodians selected by the Committee and appointed by the Board.
- Provide the quarterly statements created by the OIM to the Committee on a timely basis for review.
- Administer and oversee the Portfolio and review performance with the OIM regularly.
- Maintain the records of the investments of the Portfolio.
- Report to the Committee on the performance and composition of the investments managed by the investment managers.
- Monitor investment manager compliance with this IPS.

6. OVERALL INVESTMENT MANAGER

In connection with the retention of any OIM and the use of separate unrelated investment managers, if any, AL shall obtain from all OIM candidates written disclosure of all affiliations, cross-ownership arrangements, referral arrangements, discounts, compensation arrangements, and any other business relationships then existing or then being negotiated between the OIM candidate and any investment manager within the universe of investment managers monitored by such OIM.

After an OIM has been retained by AL, prior to any vote by the Committee or the Board relating to the retention or termination of the services of a particular investment manager, AL shall obtain from the OIM written disclosure of all affiliations, cross-ownership arrangements, referral arrangements, discounts, compensation arrangements, and any other business relationship that may then exist or that are then being negotiated between the OIM and the investment manager whose termination or retention is being considered.

AL shall retain an OIM to select other investment managers and/or the use of the internal funds and products of the OIM and evaluate and monitor their performance. Specific responsibilities of the OIM are:

- Provide overall strategic investment advice.
- Monitor the trading activity of the investment managers, internal and external to the OIM, to affirm compliance with this IPS.

- Provide investment performance reporting within 45-days of the end of each calendar quarter.
- Conduct an annual IPS review.
- Initiate investment manager searches, as necessary.
- Initiate custody searches, as necessary.
- Serve as liaison between the investment managers and AL.
- Negotiate fees payable to investment managers and custodians.
- Conduct special projects as directed by the DFA or the Committee.
- Ensure each internal fund or product used and any investment manager's adherence to its investment style, the correlation of each fund, product or manager's style to the Portfolio mix and its compliance with restrictions on investment concentrations as set forth in this IPS.
- Notify the Committee of any possible conflicts of interest associated with its service to AL or any relationship that it may have with AL.
- Provide full disclosure of the expenses and other costs, both direct and indirect, associated with its investment program, to include all commissions, fee and credits received by the OIM or any representative or employee of the OIM, as a result of providing investment services to AL and update the committee if there are material changes.
- Review the asset allocation of the Portfolio at least quarterly using the quarter-end market values. For purposes of this review, the assets of each manager shall not be split between asset classes but shall be included in their entirety in the asset class for which that manager was hired. The OIM has the authority to move assets as necessary to rebalance the Portfolio after the review.

7. RESPONSIBILITIES OF INVESTMENT MANAGERS

The execution of the IPS and the selection of specific investments should be delegated to competent professional investment managers. Investment managers chosen should be leading professional investment managers in their field with proven records of superior performance over at least a five-year period. The managers have full discretion to invest the assets of the Portfolio under their management to best achieve the investment objectives set forth in this IPS while complying with the guidelines and meeting the responsibilities imposed on them in this IPS.

Each investment manager, including the OIM where acting as the investment manager, shall have the following responsibilities:

- Manage the assets of AL within the objectives and guidelines of this IPS.
- Notify AL and the OIM of any changes in its ownership or its senior management.
- Notify AL of any changes in its investment style or philosophy.
- Notify AL of any personnel changes in the management team responsible for AL’s assets under its management.
- Notify AL of any conflicts of interest associated with its retention as an investment manager for AL.
- Notify AL of any changes in its ADV SEC (registration statement or that of any member of the manager’s team responsible for AL assets).
- Maintain all state and federal registrations necessary to manage the assets of AL.
- Notify AL of any legal action taken against the manager, any arbitration involving the manager, or any judgments against the manager or any of its employees.
- Be available for meetings as deemed necessary by the Committee.
- Request appropriate changes in the objectives and guidelines of this IPS as applicable to it in written form to the Committee and the OIM.
- Adhere to investment management style or styles for which the manager was hired. Managers will be evaluated regularly for adherence to investment discipline.
- Fully disclose all expenses associated with management of AL’s Portfolio.
- Effect all transactions for AL “subject to best price and execution.”

Each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies according to their established proxy voting guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Committee upon request.

8. RESPONSIBILITIES OF THE CUSTODIAN

Custodians, including the OIM where acting as the custodian, are responsible for the safekeeping of AL’s assets. The specific duties and responsibilities of the custodian are:

- Maintain separate accounts by legal registration.

- Value assets at fair market value in accordance with US GAAP requirements under ASC.
- Collect all interest income and dividends owed to AL.
- Settle all transactions (buy or sell) initiated by investment managers.
- Account for all capital changes on a timely basis.
- Provide monthly reports on a timely basis that detail transactions, cash flows, securities held, market value, cost basis, and change in values of securities and the overall portfolio.
- Provide information to consultants, investment managers and AL staff as necessary.

9. DIVERSIFICATION AND STRATEGIC ASSET ALLOCATION

Schedule B of this IPS establishes an acceptable range, defined to be any percentage above a minimum and below a maximum percentage of each Fund, allocated to a particular asset class, and a target percentage, defined to be the percentage goal for the investment of each Fund in that asset class.

Investment managers are responsible for achieving a level of diversification for each Fund which they manage that is prudent and consistently applied within the parameters of the asset allocation strategy on Schedule B. Concentrations in individual securities, industries and economic sectors shall not be so high as to subject any AL fund to undue risk.

When purchasing a security for AL, each manager will consider the aggregate holdings among all of the manager's accounts for the particular Fund to ensure that the total position in the security will not be so large as to inhibit rapid liquidation of the security.

10. INVESTMENT RESTRICTIONS

Restricted transactions for the Portfolio include:

- Purchasing securities on margin or short sales.
- Borrowing money for the purchase of securities.
- Pledging, mortgaging, or hypothecating any securities except for loans of securities that are fully collateralized.
- Purchasing securities of any investment manager, its parent, or its affiliates.
- Purchasing or selling futures or options for speculation or leverage.

- Purchasing or selling commodities, hedge funds, commodity contracts, or illiquid interests in real estate or mortgages.
- Purchasing illiquid securities such as unregistered securities in a private placement.

Certificates of deposit, money market funds, and market interest accounts at high investment grade banks that must have at least \$100,000,000 in equity capital and a long-term credit rating of at least “A” by Moody’s Investor Services or Standard and Poor’s Corporation, and only if held as a short-term cash position.

Commercial paper must be selected from issuers having a credit rating in the top investment grade (P1/A1) by Moody’s Investors Service or Standard & Poor’s Corporation, and only if held as a short-term cash position.

11. PERFORMANCE MEASUREMENT, ASSET CLASS BENCHMARKS AND RISK MEASUREMENTS

AL acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, AL intends to evaluate manager performance from a long-term perspective.

AL is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and it is at AL’s discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

AL has determined that it is in the best interest of AL and the investment managers that performance objectives be established for each investment manager. Manager performance will be evaluated in terms of an appropriate market index (*e.g.*, the S&P 500 stock index for a large-cap domestic equity manager) and the relevant peer group (*e.g.*, the large-cap growth mutual fund universe for a large-cap growth mutual fund).

Each manager’s performance is expected to exceed the annualized return of the relevant market index over a rolling three-year period. In addition, manager performance will be evaluated against the relevant peer group.

The relevant market index and peer group for an investment manager of AL’s asset classes are as follows:

Asset Class	Index
Large-Cap Equity	
Blend	Russell 1000 or S&P 500
Growth	Russell 1000 Growth Index
Value	Russell 1000 Value Index
Mid-Cap Equity	Russell Mid Cap Index
Small-Cap Equity	Russell 2000 Index
International Equity	MSCI EAFE Index
Fixed Income	
Intermediate-term Bond	Barclays US Aggregate Bond Index
Short-term Bond	Barclays 1-3 year US Gov’t/Credit Index
High Yield Bond	Barclays US Corp. High Yield Index
Money Market	90 days T-Bill
Alternatives	
Global Real Estate	FTSE EPRA/NAREIT Global Index
Natural Resources	Morningstar Global Upstream Nat. Resources Index

12. POLICY ADOPTION

The undersigned certifies that the Finance Committee of AL adopted this IPS with amendments at a meeting duly called at which a quorum was present on March 20, 2018.

Access Living

By: _____
Neil Anderson
Title: Director of Finance and Administration

By: _____
Kent Klaus
Title: Treasurer

Investment Manager’s Acknowledgement of Receipt:

We have received this copy of the Investment Policy Statement of Access Living. We have studied its provisions and believe that we can both abide by its restrictions and fulfill its goals and expectations within the timetables set forth in the policy.

Firm Name _____

By _____

Title _____

SCHEDULE A

THE FUNDS

- 1. Board Restricted Operations Reserve Fund**
- 2. Board Designated Endowment Fund**
- 3. Donor Designated Endowment Fund**

SCHEDULE B

INVESTMENT OBJECTIVES & RISK TOLERANCE

1. Board Restricted Operations Reserve Fund

- Invest in a diversified portfolio of investment securities intended to provide long-term capital appreciation and a reasonable amount of income.
- Moderate risk of loss.

2. Board Designated Endowment Fund

- Invest in a diversified portfolio of investment securities intended to provide long-term capital appreciation and a reasonable amount of income.
- Moderate risk of loss.

3. Donor Designated Endowment Fund

- Invest in a diversified portfolio of investment securities intended to provide long-term capital appreciation and a reasonable amount of income.
- Moderate risk of loss.

SCHEDULE C

ASSET ALLOCATION

All Funds:

	Minimum	Maximum
Equities	32%	68%
Fixed Income	28%	50%
• Core	0%	50%
• High Yield	0%	10%
Alternative Investments	0%	14%
• Hedge Funds	0%	5%
• Private Equity	0%	5%
• Global Real Estate	0%	14%
Cash	0%	25%

EXHIBIT A

SPENDING POLICY

Board Restricted Operations Reserve Fund

The principal of the fund shall remain intact until such time as the Board deems it necessary to use them for operating or other needs.

Board Designated Endowment Fund

At the discretion of the Board, 7% of the value of the Fund at the end of a fiscal year may be spent in the following fiscal year.

Donor Designated Endowment Fund

Use of funds shall be subject to the specific provisions of the donor agreements relating to individual named funds. If no such specific provisions exist for a named fund, the board may authorize 7% of the value of that particular fund at the end of a fiscal year to be spent in the following fiscal year.