

MEMORANDUM

TO: Program, Finance and Personnel Committee
FROM: Carl J. Stephani, Executive Director
DATE: November 19, 2010
FOR AGENDA: December 2, 2010
SUBJECT: Policy on Unrestricted Net Assets

At last month's Agency Board meeting when the Audit was presented questions arose about the \$282,000 in "Unrestricted Net Assets" (cash and receivables).

Since that meeting, we have met with the Auditor to discuss those funds, and he recommended that: For an organization such as ours, which is predominantly grant-funded and highly dependent upon other agencies for our monthly cash flow, it would be prudent to have up to 20% of our annual operating budget covered by unrestricted net assets so that, in case of the failure of one of our grantors we would have adequate funding on hand to cover at least 1/5th of our annual expenditures. One-fifth of our annual expenditures would be approximately \$400,000.

On average over the past decade we have had unrestricted net assets of approximately \$190,000.

If we ever began to approach having as little as 10% of our operating budget covered by our unrestricted net assets, our Auditor would advise us to take special measures to restore our financial health.

Our financial policies are codified in our Administrative Policy.

on that basis, it is my

RECOMMENDATION

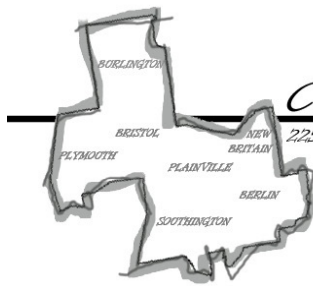
that your Committee

Recommend that the Agency Board adopt the following amendment to the Agency Administrative Policy:

II.G Unrestricted Net Assets

"It is desirable to seek to secure and maintain up to 20% of the annual budget as "Unrestricted Net Assets." If unrestricted Net assets should fall below 10%, or rise above 20% of the annual budget, a special financial panel will be convened by the Chairman of the Governing Board to recommend what actions should be taken to correct the financial situation.

cc: Agency Board
Maletta



MEMORANDUM

TO: Program, Finance and Personnel Committee
FROM: Carl J. Stephani, Executive Director
DATE: November 9, 2010
FOR AGENDA: December 2, 2010
SUBJECT: Employee Health Care Insurance Coverage

As of July 1, 2010, I volunteered to have my health insurance coverage changed from the Agency's regular Anthem Blue Cross/Blue Shield Plan to Medicare Part B with an Anthem Supplemental Plan. That change saves the Agency approximately \$9,500 annually.

Under Medicare Part B my coverage is generally similar the Anthem Blue Cross/Blue Shield Plan, but there are some differences. For example, Medicare does not cover any preventive care - such as annual physicals - and certain other medical treatments and prescriptions which are covered by the Anthem Plan.

When I offered to make the change to Medicare Part B it was not clear that I would incur additional personal medical expenses if I wanted to receive the same medical care that the Agency's other employees are entitled to. I would not expect those expenses to exceed \$2,000 annually.

On that basis, I hereby

REQUEST

that your Committee

Authorize the Agency Treasurer to approve reimbursements to me for the direct costs I incur as a result of my loss of coverage by the Agency's Anthem Blue Cross/Blue Shield Plan up to \$2,000 annually.

cc: Agency Board