

**COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA
BOARD OF DIRECTORS' MEETING**

Teleconference

April 28, 2020

MINUTES

Board Members Present: Rick Beaton, Erin Lukoss, Gale Zalar, Megan Shreve, Jen Wintermyer, Wendy Melius, John Litz, David Mrozowski, Bob Raible, Sue Auman, and Mitch Little

Members Not Present: Darlene Bigler, Dennis Phelps, Larry Berringer

Staff in Attendance: Susan Moore, Courtney Miller and Dan Leppo

President Beaton called the meeting to order at 10:02 a.m. Roll call was taken, and a quorum was established.

MINUTES

Mr. Beaton asked for corrections or changes to the January 15, 2020 Minutes. There being none, he requested a motion to approve.

Motion 4.28.20a: The January 15, 2020 Minutes were approved as presented. Moved by Megan Shreve, seconded by Jen Wintermyer. The motion passed unanimously.

TREASURER'S REPORT

James Krimmel, Hamilton & Musser, presented the highlights of financial statements and audit. He discussed the transition between Sue Northey and Courtney Miller as Finance Manager. The Audit Report was a single and consolidated audit with LensCAAP and the holding company. He reviewed the financial statements and the auditing standards. The audit was issued with a clean opinion with no exceptions or findings.

He pointed out Page 17 – stated there was a change in net assets: positive for CAAP, with a large loss for LensCAAP. Nothing profound was noted.

Form 990 is the same information in different format, but only reflects CAAP and not the other two entities. The federal parking tax was rescinded but CAAP still had to file a 1099T so we could recover the

tax paid.

Motion 4.28.20b: The Board approved the Audit and 990 as presented. Moved by Sue Auman, seconded by Dave Mrozowski. The motion passed unanimously.

Sue Auman asked Courtney Miller to review the March 31, 2020 CAAP Financial Statements. Included in the Statement of Financial Position, Ms. Miller indicated we have \$1,567 in our checking accounts and \$6 in our money market account. Since the last board meeting, our Vanguard investment account has depreciated in value by \$46,855. This depreciated amount excludes the \$80,000 for CAAP Social Enterprises that was withdrawn from the investment account in December 2019. CAAP's total investment in CAAP Social Enterprises as of 03/31/20 totals \$278,230. As discussed in a previous meeting, CAAP advanced an extra \$83k from operations to CAAP Social Enterprises (for LensCAAP). LensCAAP ceased operations on March 27, 2020, and CAAP will recoup some of its excess advance through the sale of LensCAAP's equipment and supplies.

Our current ratio, which is used to predict an organization's ability to pay its short-term debt and payables with its short-term assets, continues to be strong—but only when investments are included. Without investments, current assets do not cover current liabilities. CAAP has \$614,973 in short-term assets when including the Vanguard investment account, and \$153,407 in short-term assets when excluding the investment account. Our current liabilities total \$176,207, which includes accounts payable, line of credit, payroll taxes withheld, accrued audit expense, and deferred revenue. The current ratio with investments included is 3.49 and the current ratio with investments excluded is 0.87. The higher the current ratio, the more capable the organization is of paying its short-term obligations.

Our 03/31/20 accounts receivable balance of \$1,000 is for the 2020 CAAP Affiliate Membership Dues that are due from one member. This amount is expected to be received in May. Grants Receivable, totaling \$125,840, consists of \$109,872 due to CAAP from the DCED Services Contract and \$15,968 from the RPIC grant.

Ms. Miller addressed specific line items of the Statement of Revenues and Expenditures where actual amounts varied significantly from budgeted amounts. We experienced unfavorable market conditions,

which resulted in an unrealized loss on investments of \$39,170 in March, but only a \$17,254 loss (fiscal) year-to-date. Salaries and benefits are under budget due to a staff change in August. The budget included 65% of the former Communication Director's salary and benefits. His replacement's position, the LensCAAP Creative Director, was 100% allocated to LensCAAP and 0% allocated to CAAP. We incurred RPIC regional costs under travel, meetings, and program supplies, which exceeded our budgeted amounts. Lastly, our bank fees included interest paid on our line of credit, credit card processing fees, and a \$550 fee paid for the 2018 federal tax return extension (the IRS will be reimbursing this \$550 fee).

CAAP ended its first nine months of operations this fiscal year with a \$17,675 excess of revenues over expenditures.

Motion 4.28.20c: The Board accepted the March 2020 Financial Statement as presented. Moved by Larry Berringer, seconded by Gale Zalar. The motion passed unanimously.

PRESIDENT'S REMARKS

President Beaton reflected that COVID-19 is uncharted territory. It will be interesting to see individuals and leaders handle it. Around the country some people take it extremely seriously, and some people will not even wear masks and gloves or practice social distancing. He commented that it is hard to understand how people do not get it. Rick takes extreme precautions, and it concerns him that reopening throughout the country may be hasty; but his agency will take its time. He is sure we have not seen the real fallout from this yet. He advised that we are in this together, so take your time and stay safe.

CAAP ACTIVITY REPORT

Susan Moore, CEO, reported that staged openings throughout the Pennsylvania network would be discussed on the following Monday's network call.

Susan discussed the closure of LensCAAP, saying it had produced a number of excellent videos and had nothing but satisfied clients. However, it just doesn't appear as though the market is there. LensCAAP recently sent out an invitation to virtually all the non-profits in the surrounding counties, over 300 in all, to attend LensCAAP's anniversary celebration. The planned celebration included a wine and cheese drop

in on a Friday afternoon from 2 – 4 with a brief introduction to LensCAAP, and a raffle to win a free video. LensCAAP didn't receive a single acceptance.

It has attempted every marketing endeavor we can think off from emailing every CAA in PA, utilizing social media, advertising in national partners' programs, having satisfied clients in other states promote the company. Most of LensCAAP business has come from outside Pennsylvania. Many of PA's CAAs have said they are interested in response to emails and in personal conversations, but say they are not yet ready to do a video but they will get around to it.

It has also been pointed out that smart phones are now able to take high quality videos; and while they are not the caliber of a LensCAAP production, they do an acceptable job at no cost for the never-wealthy non-profit.

LensCAAP expended the money invested by the CAAP board in the startup. CAAP did not charge LensCAAP for its full overhead – Susan and the finance manager's salaries, premises and utility costs – in an attempt to further support LensCAAP until it could get on its feet. But going forward, it would cost about \$20,000 per month to keep LensCAAP operational; and without the prospect of solid business opportunities, it was unreasonable to ask CAAP to invest more money.

On March 10, a joint telephonic meeting was held between CAAP Social Enterprises Holdings, Inc. and CAAP, the sole investor in CAAP Social Enterprises Holding, Inc., to discuss the future of LensCAAP, the social enterprise video company started and housed under CAAP Social Enterprises Holding, Inc. (CSEH).

The members discussed the situation at length asking questions regarding how LensCAAP staff would be handled. Susan explained that staff would work on site for the coming two weeks closing down the operation, selling equipment and finishing any video edits still remaining. Then they would each be given two weeks' severance pay, including cashing in any earned vacation time.

At the meeting, following discussion, the members voted unanimously to close LensCAAP effective March 27th with staff terminated on that date with two weeks' severance pay, including cashing in any earned vacation time.

Board members discussed the closure and expressed regret that this had not worked out but supported the closure.

Susan then commented that the Report is looks fairly lean but both she and Dan Leppo spend most days on zoom or conference calls keeping abreast of information critical to our members as well as DCED. Staff's focus is getting important news out to the network without over-informing or overwhelming.

The VISTA program has continued and will be completed in early September.

Susan stated that staff are considering alternative training formats instead of an in-person Conference. She strongly believes that the COVID19 will still be a major issue in the fall, probably even worse than the current pandemic. To protect our members and staff, she recommends cancelling the in-person conference, looking at best formats to provide on-line/virtual training instead. Susan said that we are at the right point in time to cancel the hotel without penalty.

There was discussion as to how cancelling the Conference would affect CAAP's bottom line. Susan replied that DCED was committed to supporting CAAP's training efforts, whatever new form they may take throughout this challenge, and endorsed cancelling the Conference.

Motion 4.28.20d: The Board officially cancelled the October 2020 Conference and requested staff to begin developing online workshops and trainings. Moved by Darlene Bigler, seconded by Megan Shreve. The motion passed unanimously.

Susan discussed adding staff in the 2020/2021 budget, specifically a Communications Director who will support agencies and focus on agency telling stories at local, state, and national levels. We may also hire a Development Director to function as the training and education coordinator.

Motion 4.28.20e: The CAAP Activity Report was approved as presented. Moved by Larry Berringer, seconded by Jen Wintermyer. The motion passed unanimously.

There being no further discussion, the meeting adjourned at 10:44 a.m.

_____ Submitted by Darlene Bigler, Secretary