BOARD OF DIRECTORS MEETING
https://us02web.zoom.us/j/83924890481?pwd=VURRRbVRsZTNNeWNwT2ZTVgZz09
Friday . Friday 23 . 2024
7:00AM

AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Item</th>
<th>Who</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00</td>
<td>A. Call to Order</td>
<td>Vu-Bang Nguyen</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reflection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7:10</td>
<td>B. Agenda Review/Chair Update</td>
<td>Vu-Bang</td>
<td>Information</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(5 min)</td>
</tr>
<tr>
<td>7:15</td>
<td>C. Public Comment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7:20</td>
<td>D. Financial Statements</td>
<td>Darren Seaton</td>
<td>Presentation</td>
</tr>
<tr>
<td></td>
<td>● YTD 2023-24 Financials</td>
<td></td>
<td>(10 min)</td>
</tr>
<tr>
<td>7:30</td>
<td>E. Program Spotlight</td>
<td>Myisha Taylor</td>
<td>Presentation</td>
</tr>
<tr>
<td></td>
<td>● Economic Justice Network</td>
<td></td>
<td>(10 min)</td>
</tr>
<tr>
<td>7:40</td>
<td>F. Racial Justice Work Plan</td>
<td>Poncho Guevara</td>
<td>Presentation</td>
</tr>
<tr>
<td>8:00</td>
<td>G. Executive Director Report</td>
<td>Poncho</td>
<td>Presentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(15 min)</td>
</tr>
<tr>
<td>8:15</td>
<td>H. Consent Agenda</td>
<td>Vu-Bang</td>
<td>Approval</td>
</tr>
<tr>
<td></td>
<td>Board of Directors Meeting</td>
<td></td>
<td>(5 min)</td>
</tr>
<tr>
<td></td>
<td>minutes December</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership Council minutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>December</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance &amp; Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Committee minutes January,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>February</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audit Committee minutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>December</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Committee minutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>January, February</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Program &amp; Strategy Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>minutes January</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:20</td>
<td>I. Public Forum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:25</td>
<td>J. Closed Session</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9:00</td>
<td>K. Adjourn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Members of the public may speak to the Sacred Heart Community Service Board of Directors about any item that is on the agenda during the Public Comment period, or items that are not on the agenda and are within the subject matter jurisdiction of the Sacred Heart Community Service during the Public Forum period.

If you wish to speak to the Board of Directors, please refer to the following guidelines:
- **Fill out a Speaker’s Card and submit it to the Board Secretary. Please do this before the meeting.**
- The Board Chair will open the public hearing and call your name. Each speaker generally has two minutes to speak. The amount of time allotted to speakers may vary at the Chair’s discretion, depending on the number of speakers or the length of the agenda.
- Please be advised that the Board is unable to discuss or take action on issues presented during Public Forum.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Administration Office 24 hours prior to the meeting at 408-278-2160.
## SACRED HEART COMMUNITY SERVICE
### INCOME STATEMENT

**Company:** Sacred Heart  
**For FY 2024 Period 7 Ending Jan 31, 2024 12:00:00 AM**

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual 01/31/24</th>
<th>YTD Budget 01/31/24</th>
<th>YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributed Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals</td>
<td>1,917,846.84</td>
<td>2,341,225.12</td>
<td>-423,378.28</td>
</tr>
<tr>
<td>Corporate</td>
<td>523,651.43</td>
<td>402,000.00</td>
<td>121,651.43</td>
</tr>
<tr>
<td>Foundations</td>
<td>1,063,265.76</td>
<td>1,215,350.00</td>
<td>-152,084.24</td>
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<tr>
<td>Orgs. &amp; Schools</td>
<td>365,523.73</td>
<td>137,358.00</td>
<td>228,165.73</td>
</tr>
<tr>
<td><strong>Total Contributed Revenue</strong></td>
<td>3,870,287.76</td>
<td>4,095,933.12</td>
<td>-225,645.36</td>
</tr>
<tr>
<td><strong>Grant Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>1,083,380.97</td>
<td>836,631.29</td>
<td>246,749.68</td>
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<tr>
<td>CSBG</td>
<td>615,408.12</td>
<td>696,064.33</td>
<td>-80,656.21</td>
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<tr>
<td>Homeless Prevention</td>
<td>12,745,594.92</td>
<td>16,569,172.02</td>
<td>-3,823,577.10</td>
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<tr>
<td>Energy Program</td>
<td>746,601.64</td>
<td>899,584.16</td>
<td>-152,982.52</td>
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<tr>
<td><strong>Total Grant Revenue</strong></td>
<td>15,190,985.65</td>
<td>19,001,451.80</td>
<td>-3,810,466.15</td>
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<tr>
<td><strong>Other Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-Kind</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>41,368.16</td>
<td>74,666.67</td>
<td>-33,298.51</td>
</tr>
<tr>
<td><strong>Total Other Revenue</strong></td>
<td>41,368.16</td>
<td>74,666.67</td>
<td>-33,298.51</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>19,102,641.57</td>
<td>23,172,051.59</td>
<td>-4,069,410.02</td>
</tr>
<tr>
<td><strong>Direct Costs</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Direct Labor</td>
<td>4,599,257.76</td>
<td>5,179,413.35</td>
<td>-580,155.59</td>
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<tr>
<td>Direct Subcontracts &amp; Consult.</td>
<td>8,256,759.52</td>
<td>11,822,905.24</td>
<td>-3,566,145.72</td>
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<tr>
<td>Direct Program Cost</td>
<td>879,408.53</td>
<td>896,199.52</td>
<td>-16,790.99</td>
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<tr>
<td>Direct Assistance</td>
<td>3,414,164.47</td>
<td>2,902,025.32</td>
<td>512,139.15</td>
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<tr>
<td><strong>Total Direct Costs</strong></td>
<td>17,149,590.28</td>
<td>20,800,543.43</td>
<td>-3,650,953.15</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>1,190,185.79</td>
<td>1,094,127.15</td>
<td>96,058.64</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td>1,190,185.79</td>
<td>1,094,127.15</td>
<td>96,058.64</td>
</tr>
<tr>
<td><strong>Overhead</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>216,317.76</td>
<td>79,580.33</td>
<td>136,737.43</td>
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<tr>
<td>Facilities</td>
<td>389,807.81</td>
<td>477,482.00</td>
<td>-87,674.19</td>
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<tr>
<td><strong>Total Overhead</strong></td>
<td>606,125.57</td>
<td>557,062.33</td>
<td>49,063.24</td>
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<tr>
<td><strong>General &amp; Administrative</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management &amp; General</td>
<td>232,353.42</td>
<td>316,498.00</td>
<td>-84,144.58</td>
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<tr>
<td>Fundraising</td>
<td>60,386.94</td>
<td>107,902.73</td>
<td>-47,515.79</td>
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<td><strong>Total General &amp; Administrative</strong></td>
<td>292,740.36</td>
<td>424,400.73</td>
<td>-131,660.37</td>
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<tr>
<td><strong>Other Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Other Income and Expense</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Program Expenses</strong></td>
<td>19,238,642.00</td>
<td>22,876,133.63</td>
<td>-3,637,491.63</td>
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<tr>
<td><strong>Other Income and Expense</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other Income and Expense</td>
<td>37,447.66</td>
<td>0.00</td>
<td>37,447.66</td>
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<tr>
<td><strong>Total Other Income and Expense</strong></td>
<td>37,447.66</td>
<td>0.00</td>
<td>37,447.66</td>
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<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>152,857.38</td>
<td>132,575.31</td>
<td>20,282.07</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>152,857.38</td>
<td>132,575.31</td>
<td>20,282.07</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>-326,305.47</td>
<td>163,342.64</td>
<td>-489,648.11</td>
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</tbody>
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# SACRED HEART COMMUNITY SERVICE
## BALANCE SHEET

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of 01/31/24</th>
<th>As of 12/31/23</th>
<th>Change From Previous Period</th>
<th>Prior Year As of 01/31/23</th>
<th>Change From Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>13,803,061.66</td>
<td>14,657,703.39</td>
<td>-854,641.73</td>
<td>10,829,753.68</td>
<td>2,973,307.98</td>
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<tr>
<td>Endowment</td>
<td>1,098,086.98</td>
<td>1,098,086.98</td>
<td>0.00</td>
<td>1,098,832.52</td>
<td>-745.54</td>
</tr>
<tr>
<td>Billed Receivable</td>
<td>1,965,587.93</td>
<td>1,967,248.52</td>
<td>-1,660.59</td>
<td>4,941,891.87</td>
<td>-2,976,303.94</td>
</tr>
<tr>
<td>Unbilled Receivable</td>
<td>7,694,314.13</td>
<td>5,737,997.25</td>
<td>1,956,316.88</td>
<td>2,751,803.70</td>
<td>4,942,510.43</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>337,001.08</td>
<td>361,332.67</td>
<td>-24,331.59</td>
<td>416,960.04</td>
<td>-79,958.96</td>
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<tr>
<td>Inventory</td>
<td>188,787.84</td>
<td>192,512.84</td>
<td>-3,725.00</td>
<td>142,641.01</td>
<td>46,146.83</td>
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<tr>
<td>Intercompany Notes receivable</td>
<td>7,983,668.13</td>
<td>7,943,780.79</td>
<td>39,887.34</td>
<td>7,855,955.93</td>
<td>127,712.20</td>
</tr>
<tr>
<td>Subcontractor Advances</td>
<td>500,000.20</td>
<td>0.20</td>
<td>500,000.00</td>
<td>213,728.54</td>
<td>286,271.66</td>
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<tr>
<td>Other Receivables</td>
<td>-645,919.44</td>
<td>-272,161.71</td>
<td>-373,757.73</td>
<td>-302,597.17</td>
<td>-343,322.27</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>32,924,588.51</td>
<td>31,686,500.93</td>
<td>27,948,970.12</td>
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<td></td>
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<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fixed Assets</td>
<td>8,145,084.60</td>
<td>8,144,549.76</td>
<td>0.00</td>
<td>8,014,285.87</td>
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<tr>
<td>Less Accumulated Depr &amp; Amort</td>
<td>-4,602,393.68</td>
<td>-4,582,111.61</td>
<td>-4,317,788.60</td>
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<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>3,542,690.92</td>
<td>3,562,438.15</td>
<td>-19,747.23</td>
<td>3,696,497.27</td>
<td>-153,806.35</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>36,467,279.43</td>
<td>35,248,939.08</td>
<td>31,645,467.39</td>
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<td></td>
</tr>
</tbody>
</table>

## Liabilities & Net Assets

<table>
<thead>
<tr>
<th>Liabilities &amp; Net Assets</th>
<th>As of 01/31/24</th>
<th>As of 12/31/23</th>
<th>Change From Previous Period</th>
<th>Prior Year As of 01/31/23</th>
<th>Change From Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>3,237,194.11</td>
<td>2,020,095.80</td>
<td>1,217,098.31</td>
<td>2,030,922.16</td>
<td>1,206,271.95</td>
</tr>
<tr>
<td>Accrued Payroll</td>
<td>33,857.44</td>
<td>56,488.49</td>
<td>-22,631.05</td>
<td>342,961.96</td>
<td>-309,104.52</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>11,715,638.98</td>
<td>11,715,638.98</td>
<td>0.00</td>
<td>277,244.50</td>
<td>11,438,394.48</td>
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<tr>
<td>Accrued Expense</td>
<td>133,513.22</td>
<td>131,847.12</td>
<td>1,666.10</td>
<td>96,820.69</td>
<td>36,692.53</td>
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<tr>
<td>Other Current Liabilities</td>
<td>1,088,080.00</td>
<td>1,088,080.00</td>
<td>0.00</td>
<td>88,080.00</td>
<td>1,000,000.00</td>
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<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>16,208,283.75</td>
<td>15,012,150.39</td>
<td>2,836,029.31</td>
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<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Other Liabilities</td>
<td>169,876.89</td>
<td>169,876.89</td>
<td>0.00</td>
<td>5,041,408.48</td>
<td>-4,871,531.59</td>
</tr>
<tr>
<td><strong>Total Long-Term Liabilities</strong></td>
<td>169,876.89</td>
<td>169,876.89</td>
<td>0.00</td>
<td>5,041,408.48</td>
<td></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Year Net Assets</td>
<td>20,186,173.69</td>
<td>20,186,173.69</td>
<td>0.00</td>
<td>20,518,712.93</td>
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<td>Current Year Surplus / (Deficit)</td>
<td>-97,054.90</td>
<td>-119,261.89</td>
<td>22,206.99</td>
<td>3,249,316.67</td>
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</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>20,089,118.79</td>
<td>20,066,911.80</td>
<td>22,206.99</td>
<td>23,768,029.60</td>
<td>-3,678,910.81</td>
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</tbody>
</table>

**TOTAL LIABILITIES & EQUITY** | 36,467,279.43 | 35,248,939.08 | 31,645,467.39 | |
<table>
<thead>
<tr>
<th>LIQUIDITY MEASUREMENTS</th>
<th>Current Period</th>
<th>Prior Month</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CASH ON HAND</td>
<td>13,803,062</td>
<td>14,657,703</td>
<td><strong>-6%</strong></td>
</tr>
<tr>
<td>(Does not include Investments)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. QUICK RATIO (ACID TEST)</td>
<td>0.85</td>
<td>0.98</td>
<td><strong>-13%</strong></td>
</tr>
<tr>
<td>(Cash on Hand / Current Liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures immediate cash liquidity. Ratios are tests of viability for business entities but do not give a complete picture of the business's health. Generally, the acid test ratio should be 1:1 or higher, however this varies widely by industry. In general, the higher the ratio, the greater the company's liquidity.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. CURRENT RATIO</td>
<td>2.03</td>
<td>2.11</td>
<td><strong>-4%</strong></td>
</tr>
<tr>
<td>(Current Assets / Current Liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures liquidity over the next few months. The current ratio is an indication of a firm’s market liquidity and ability to meet creditor’s demands. Acceptable current ratios vary from industry to industry and are generally between 1.5 and 3.0 for healthy businesses. If a company's current ratio is in this range, then it generally indicates good short-term financial strength.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. NET WORKING CAPITAL</td>
<td>16,716,305</td>
<td>16,674,351</td>
<td><strong>0%</strong></td>
</tr>
<tr>
<td>(Current Assets - Current Liabilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures ongoing financial viability. Positive working capital is required to ensure that a firm is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable, accounts payable, and cash.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# SACRED HEART COMMUNITY SERVICE
## STATEMENT OF CASH FLOWS

**As of 01/31/24**

### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>As of 01/31/24</th>
<th>As of 12/31/23</th>
<th>% Change</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (YTD)</td>
<td>-97,054.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from Sale of Endowment</td>
<td>30,975.42</td>
<td></td>
<td></td>
<td>1% Endowment</td>
</tr>
<tr>
<td>Decrease in Billed Receivable</td>
<td>3,120,261.78</td>
<td></td>
<td></td>
<td>22% Billed Receivable</td>
</tr>
<tr>
<td>Increase in Unbilled Receivable</td>
<td>-7,399,235.92</td>
<td></td>
<td></td>
<td>-143% Unbilled Receivable</td>
</tr>
<tr>
<td>Decrease in Prepaid Expenses</td>
<td>-36,967.98</td>
<td></td>
<td></td>
<td>-1% Prepaid Expenses</td>
</tr>
<tr>
<td>Decrease in Billed Receivable</td>
<td>5,975.00</td>
<td></td>
<td></td>
<td>0% Inventory</td>
</tr>
<tr>
<td>Increase in Intercompany Notes receivable</td>
<td>-105,403.75</td>
<td></td>
<td></td>
<td>-2% Intercompany Notes receivable</td>
</tr>
<tr>
<td>Decrease in Subcontractor Advances</td>
<td>-500,000.00</td>
<td></td>
<td></td>
<td>-10% Subcontractor Advances</td>
</tr>
<tr>
<td>Decrease in Other Receivables</td>
<td>388,192.63</td>
<td></td>
<td></td>
<td>8% Other Receivables</td>
</tr>
<tr>
<td>Increase in Less Accumulated Depr &amp; Amort</td>
<td>152,857.38</td>
<td></td>
<td></td>
<td>3% Less Accumulated Depr &amp; Amort</td>
</tr>
<tr>
<td>Increase in Accounts Payable</td>
<td>3,251,278.11</td>
<td></td>
<td></td>
<td>24% Accounts Payable</td>
</tr>
<tr>
<td>Decrease in Accrued Payroll</td>
<td>-382,051.78</td>
<td></td>
<td></td>
<td>-7% Accrued Payroll</td>
</tr>
<tr>
<td>Increase in Deferred Revenues</td>
<td>-10,587,504.80</td>
<td></td>
<td></td>
<td>205% Deferred Revenues</td>
</tr>
<tr>
<td>Increase in Accrued Expense</td>
<td>41,765.07</td>
<td></td>
<td></td>
<td>1% Accrued Expense</td>
</tr>
<tr>
<td>Increase in Other Liabilities</td>
<td>17,128.74</td>
<td></td>
<td></td>
<td>0% Other Liabilities</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>5,175,879.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

- Increase (decrease) in cash and cash equivalent: | 5,062,372.89 |
- **Cash and cash equivalent at beginning of year:** | 8,740,688.77 |
- **Cash and cash equivalent at end of year:** | 13,803,061.66 |

### % Change:

- Main revenue generating activities from the agency
- Involves cash inflows and outflows for our services
- They involve the buying or selling of investments or other L-T assets
- Relate to funding the business through raising or repaying cash

### Note:

- Positive numbers represent cash inflows
- Negative numbers represent cash outflows

- For operating activities:
  - You will have to add back non-cash expenses like depreciation, and any gain/loss on the sale of L-T assets
  - Adjust for the movement of Working Capital (WC)
    - " Increases in current assets like Inventory or Receivables reduces cash flow
    - " Increases in current liabilities like payables increases cash flow
MINUTES

ATTENDANCE:
Board: Vu-Bang Nguyen, Melissa Morris, Soledad Tellez, Valerie Gonzales Sameena Usman, Jessica Blitchok, Pilar Diaz, Asn Ndiaye, Carlos Rosario
Staff: Poncho Guevara, Angie Guatemala, Amor Santiago, Dalenna Hughes, Roberto Gil, Lydia Bustamante, Lorena Sanchez Castaneda, Michael Soukup, Lety Alvarez
Public: Dan Moors, Ana Alvarez, Yamei Zhai, Natalia Mercadal

Mr. Nguyen called the meeting to order at 7:36am

Public Comment
None

Finance & Administration

Mr. Guevara began by introducing the Armanino auditors, Dan Moors, Yamei Zhai and Ana Alvarez. Mr. Moors transitioned to share the executive summary of the audit. He shared that from a financial auditor's perspective, the organization had a great year serving the public, along with success in paying off a $5 Million dollar acquisition and renovation loan. The organization's cash went down some, and received a $1 million dollar forgivable loan at 0% interest that will be forgiven in 10 years. Mr. Moors further explained that some of the challenges are some Covid-19 government grants have significantly decreased, which is the case for most social service organizations. He also explained that the auditors do both a financial statement audit, as well as a compliance audit. Mr. Moors went on to share that in 2021, the organization set up a separate entity called the Sacred Heart Support Corporation for the function of obtaining the SoFA building and got some new markets tax credit funds. The great thing about the new markets tax credit funds is if one is in compliance at the end of a 7 year period, the borrower is forgiven. The organization will gain forgiveness of a loan of $2.4 million dollars. Mr. Moors noted that the financial statements have been consolidated for both the organization, and Sacred Heart Support Corporation. Mr. Moors explained that the draft audit is 53 pages and there are two sections which are a financial statement audit and a compliance audit. In the financial statement audit independent auditors report, the auditor's opinion is what's important. In the auditor's opinion, the consolidated financial statements present fairly in all material respects the financial position of Sacred Heart. The organization is responsible for preparing the financial statements and we get an opinion on whether or not they're accurate. Mr. Moors moved on to show the balance sheet which is a snapshot in time of the assets, as well as liabilities and equity. The organization's total assets went down by $5 million dollars because a loan was paid down for that amount, and we also collected some receivables so assets are down overall. Total liabilities decreased by $4.7 million dollars mainly because the loan was paid down, and the organization got the new forgivable loan that'll be forgiven in 10 years or a million dollars. Mr. Moors further explained the organization has $13 million of current assets. The definition of current in the financial statement world means with means within one year from the date of the balance sheet. If we make the calculation of our $13 million dollars of current assets compared to our nearly $4 million dollars of current liabilities then the current ratio is 3.3 to 1, which is good. The organization has cash to pay our bills three times over. Total assets are $34 million dollars, minus liabilities. Sacred Heart is spending about $2.8 million dollars a month on a cash basis, so $7.3 million dollars represents about 3 months of an operating reserve built up.
Mr. Moors explained that in the statement of activities it shows that 2022-23 total income support and revenue is $44 million compared to prior year $54 million. The organization is down close to $10 million in government funds. Covid-19 funding has decreased for all organizations. In-kind contributions are up in donated food & clothing which is noted to the reader because it shows the cost of using our own dollars for food & clothing. Donated food went up by close to $2 million dollars, and donated clothing went up to $1.3 million dollars but the Clothes Closet had just reopened December 2021 so it was only a partial year last year. Overall, the organization’s expenses are down about $4 million mainly because government funding is down. On the income statement under net assets, 2022 had positive $5.4 million because the organization had much more government funding, as well as running a capital campaign. In the total column in net assets for 2023, we see negative $578K related to depreciation of the new building. Without the depreciation non-cash expense of the building, we are around breaking even.

Mr. Guevara commented that we were able to release some of the capital funds that we had received, which were restricted funds, and now they’ve become unrestricted funds. This means those funds have become an asset that we control and can get out from underneath that liability, even if it means we have less cash. It does mean that we don’t have to pay $358K in interest a year which is a positive.

Mr. Moors went on to explain the statement of functional expenses. He mentioned the organization’s expenses went down by about $4 million dollars and we can see some of the swings because we received less government funding. On the other hand, we received more donated food & clothing so those numbers increased. One of the things that readers pay a lot of attention to are these percentages at the bottom of the statement of functional expenses. This is telling the reader we are spending 92 cents out of every dollar on program services, 6 cents out of every dollar on management general, and 2 cents on fundraising. Mr. Moors asked what are those percentages without the donated food & clothing? If we back out the $10 million dollars of donated food and clothing, our percentage is 90 cents out of every dollar on programs, 8 cents out of every dollar on management general, and 2 cents on fundraising. He explained that they used an industry standard watchdog group rating system (4 stars being exceptional), and auditors calculated both with the in-kind donated food and clothing and without. For program expenses, the rating system looks for 75% or 75 cents out of every dollar and we are at 92 or 90 which means we received a 4 star rating. For management general, they’re looking for 15 cents or less out of every dollar and the organization is at 6 cents and 8 cents for every dollar. Lastly, for fundraising, they’re looking for 10 cents or less out of every dollar and the organization is spending 1 cent in 2 cents. Mr. Moors said those are all efficient numbers, and live on Charity Navigator, our rating is 4 stars or 98%.

Mr. Guevara asked if Charity Navigator removed the metric for growing income. Mr. Moors clarified that they have removed 3 different ratings metrics in September because they were considered outdated. Mr. Guevara mentioned that the organization used to get a poor rating on it because it meant getting bigger for bigger’s sake, even though we did have huge growth in the last 5 years. Mr. Moors also mentioned that we have a gold rating on GuideStar.

Mr. Moors pointed out that the notes to the notes to the financial statements are public documents. Under the Nonprofit Integrity Act, anybody can ask for a copy of the organization’s audit. The notes do a great job of communicating to the reader information about our services, how many people we serve and our overall impact on the community through the programs. The auditors looked at the notes payable like the $5 million dollar note at 5.5% interest that was paid off, the $1 million dollar note from this year that will be forgiven in 10 years. Additionally, the new market tax credit will be forgiven in 7 years (June 30 at 2029). Mr. Moors transitioned to discuss the compliance audit. Under federal awards in the compliance audit, it shows that the organization does not have any material weaknesses in your internal control system, nor does the organization have any significant deficiencies or other findings. Sacred Heart was considered a low-risk auditee because in the prior 2 years, the organization did not have any material weaknesses, had clean opinions with no findings. Mr. Moors went on to explain that for the financial statement audit this year, there was one item that came up in the internal controls and we didn’t have any non-compliance. Significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. This means we have to include this finding in the report because it reached the level of a significant deficiency. The auditors found that at the end of every month the organization recorded unbilled accounts receivable for government funds and we incurred expenses but were unable to get the invoice to the government out. Mr. Moors explained that the unbilled accounts receivable was overstated. The organization
changed its accounting software in fiscal year 2022, so accounts receivable were not carried over properly and were found during the audit. The unbilled accounts receivable and contributions were adjusted for this audit. Mr. Moors mentioned that the auditors recommend that the organization review the unbilled accounts receivable for completeness and accuracy on a monthly basis as part of the month and close. He shared that there is a corrective action plan that needs to be filed, and signed by the Deputy Director, Darren Seaton.

Mr. Guevara shared that the adjustment to a new accounting system created a lot of challenges, especially compounding on top of massive growth of the organization and other moving parts that have come up. It appeared that during the course of getting used to this new accounting system and having many different types of funding, we tried to make multiple corrections and the auditors saw that. He further shared that while it was just a couple of incidents like that, they were big dollar amounts. It should be tracked and processed properly and there should be oversight of how to be able to do that. Mr. Moors said that next year we will still be a low-risk auditee since we were determined to have significant deficiency but not considered to have material weakness. Mr. Guevara said that that was reassuring, but since we’re so used to being on top of our finances, it does not feel good.

Mr. Seaton mentioned that the organization created a new policy and updated it for our month end in year end close ensure that there's reconciliation and the proper division of duties. He shared that he is going to work with the Finance Director on a monthly basis and make sure everything is reconciled. We did have a few issues with our accounting system, Cost Point but we’re now employed with other Cost Point consultants to ensure everyone is trained in it.

Mr. Moors shared that the last part of the audit is a management recommendation letter that is a summary of all the above, and provides the definitions of material weakness to significant deficiency. It also highlights some points of advice and recommendations from the auditors around improving controls, updating policies, streamlining of operations, and employee training. Mr. Moors shared some industry averages of 10 other similar nonprofits in different states, and local. He found that Sacred Heart operates much more efficiently than the 10 similar nonprofits.

Ms. Morris asked if there was particular support or direction that is needed from the Board to address the deficiency moving forward and/or support the staff. Mr. Moors shared that his recommendation is that the organization potentially start sharing reviewed unbilled receivables on a quarterly basis at the Board meetings, and show how the organization has implemented the corrective action plan, though not required. Ms. Bustamante said that if anyone knows anyone for a Controller role in their networks since we’ve been trying to hire that role for some time now. She asked that folks make a recommendation if they have someone in mind. Mr. Moors said he wanted to make sure to recognize the tremendous growth that the organization has had since 2016. He shared a graph that showed a climbing growth for the last 7 years and gave kudos to the organization for holding strong.

Resolution 2024.02 FY 2022-23 Audited Financial Statements
Resolution 2024.02 FY 2022-23 was passed by consensus. (mot: V. Gonzales / sec: M. Morris)

Resolution 2024.03 Board Member Election
Resolution 2024.03 Board Member Election passed by consensus (mot: V. Gonzales / sec: M. Morris)

Consent Calendar
The Consent Agenda consisting of the Board of Directors Meeting minutes October, Executive Committee minutes December, Leadership Council minutes November, and Finance & Administration Committee minutes November were passed unanimously. (mot: M. Morris / sec: V. Gonzales) Aye: V. Nguyen, M. Morris, C. Rosario, S. Usman, V. Gonzales, A. Ndiaye

Adjourned at 9:09am
(mot: M. Morris)
MINUTES

ATTENDANCE:
Bill Roth, Jim Gibbons, Jennifer Riva, Poncho Guevara, Michael Soukup, Darren Seaton, Dan Moors, Yamei Zhai, Ana Alvarez

1. **Timeline review**

The auditors discussed the audit timeline and schedule. Presentation to the Board will occur 12/15/23.

2. **Summary of Key Audit Procedures and Results**

Yamei Zhai outlined the Armanino audit approach and steps taken in the audit. Based on the audit procedures performed, the key audit areas listed below appear to be fairly stated in the financial statements.

- Grant and contribution revenue and receivables
- Property and equipment
- Notes payable
- Net assets
- Contribution in-kind
- Functional expenses
- Best practice implementation

In addition, the auditors performed a Compliance Audit in Accordance with the Uniform Guidance and Government Auditing Standards and indicated that they have made a finding of significant deficiency – which is described as a deficiency or a combination of deficiencies in internal control that is important enough to merit attention by those charged with governance.

Armanino indicated that during their audit that the organization had identified adjustments that were required in billed and unbilled accounts receivable. However, the reason for the finding is that the organization’s unbilled accounts receivable balance was significantly overstated due to its errantly recognizing revenue in incorrect fiscal years while attempting to correct a prior year adjustment. These identified errors were improperly adjusted, and the Organization’s ending balance was not accurately stated.

Armanino made recommendations to correct this deficiency and management agreed with the recommendations, outlining a corrective action plan which has already been implemented and will be included in the audit’s management letter. Mr. Roth and Ms. Riva voiced concerns about the number of adjustments.

3. **Required Auditor Communications**

Yamei Zhai took the committee through the draft of the auditors’ required summary letter upon completion of the audit. The letter is addressed to those responsible for the governance of the organization. The areas addressed included:

- Auditor Responsibilities – that is, a standard declaration of the auditors’ responsibilities under U.S. Generally Accepted Auditing Standards and the Uniform Guidance
- The reminder that the auditors are not responsible for other information in any documents containing Audited Financial Statements
- Planned Scope and Timing
- Significant Audit Findings which covered:
- Significant Accounting Policies. The Organization adopted Accounting Standards Codification ("ASC") 842, Leases, to increase transparency and comparability among similar organizations.
- Accounting Estimates. The most sensitive estimates this year involved: donated toys, bedding and educational materials; non-government donated food; government donated food; investments; grants allowance for those potentially uncollectible; estimates for the useful life of property and equipment; and functional expense allocation of indirect costs.
- Disclosures in the financial statements. The most sensitive disclosures were: acquisition and financing of the new building and new entity Sacred Heart Support Corporation; liquidity and available resources, and allocation of functional expenses.
- Difficulties Encountered During Audit. No problems were encountered except for the difficulty in completing the audit completed in a relatively tight timeframe, given the organization’s growth and complexity with the new entity.
  - Corrected and Uncorrected Misstatements. Dan Moors provided a list of corrected and uncorrected misstatements of nearly $1M which led to the significant deficiency finding.
  - Disagreements With Management over accounting, reporting, or auditing matters. Notably there were none.
  - Management Representations. Armanino requested a corrective action plan from management to be included in the management representation letter.
  - Management Consultations with Other Independent Accountants. To the best of the auditors’ knowledge, there were no consultations with other accountants.
  - Other Audit Findings or Issues. Armanino again indicated that it had identified significant deficiency in the Organization’s control relating to accounting for unbilled accounts receivable.

4. Current status of prior audit management recommendations

- Recommendation - Reconcile the contribution and grant amounts between Salesforce and the Costpoint system. Management responded that it would improve this process to occur monthly.
- Recommendation - Ensure accounting detail schedule generated by Costpoint do not match the general ledger. Management responding that it is working with Costpoint customer support to resolve this issue.
- Recommendation - Review unbilled accounts receivable schedule monthly. Management states it has established a designated person, separate from those responsible for the reconciliation, to review this monthly.
- Recommendation - Check register report has been implemented.
- Recommendation – Cross training of employees has been implemented.
- Recommendation – Update of accounting policies manual. Management states the update is in process and will be completed by the end of Quarter 2.
- Recommendation – Implement a detailed year-end closing process. Management states it will continue to significantly improve its year-end closing process.
- Recommendation – Review the year-end intercompany receivable and payable balances to make certain they agree between the two organizations. Management agrees and had identified staff to ensure this occurs in a timely manner.

5. Audit Draft Highlights and Walk Through

Dan Moors discussed the audited financial statements. His comments covered the following:

- The auditors were issuing a clean opinion on the financial statements.
- Section I - Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency identified that is not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<table>
<thead>
<tr>
<th>Name of Federal Program or Cluster</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services Block Grant</td>
<td>93.569</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs

$750,000 Auditee qualified as low-risk auditee? Yes

There are no federal awards findings to be reported.

6. **Private Communication between auditors and committee**

7. **Motions**

   The business of the meeting having been completed the meeting was adjourned.
Present: Poncho Guevara, Angie Guatemala, Lydia Bustamante, Vu-Bang Nguyen, Valerie Gonzales, Carlos Rosario

Organizational Update

Mr. Guevara began sharing that we made it through the holidays. The organization had some bumps with losing the Essential Services Director literally a few weeks before the holiday season. Folks like the Organizational Development Director, Roberto Gil and our Associate Director, Dalenna Hughes stepped up with the Essential Services department to make it happen. Our Senior Director of Community Development, Elizabeth Matthews threw herself into helping with food ordering for food distribution amongst many things. He explained that a lot of team members stepped up in the absence of the ES Director, and during that process we were able to bring back the previous ES Director, Sofia Rocha. In terms of what's happening on the fundraising side, we are still collecting information in the next few weeks to have a sense of where we are at. Mr. Guevara mentioned that he thinks we didn’t do as well as we had hoped and we were already behind for the year, but he will report back when he knows more after next week’s Finance & Administration Committee meets. He further explained that this has been a very volatile fundraising environment for a lot of organizations. We’ve seen individual donors fluctuate wildly over the last few years, and this year what we’re hearing from a lot of our partners is that it’s been a tough year. The organization is doing its best to double down to strengthen efforts. Community foundations numbers are not the greatest and we saw an example Silicon Valley Community Foundation not giving us housing justice grant dollars that we’ve had for several years. We were still able to get funded for our racial justice work through Equity Forward at SVC, but frustrating to hear they are cutting funding to partners and us considering how much work we are actually doing in social justice. Mr. Guevara said he hopes to keep working on strengthening the relationship with the foundations.

Mr. Guevara thanked the Board Committee members for his review, as well as the feedback provided for hiring finance staff to be able to get through the correction action from the audit. He said he was surprised to learn that a temporary high level finance person to help get us through the audit, and even though they had Cost Point software experience, it was not a great fit. We were overpaying someone to do data entry at the Finance Director’s direction and training. Mr. Guevara explained that the Deputy Director, Darren Seaton is in conversations with Jennifer Riva and her firm about potentially helping us out with some things, but we also have work to do with internal staff development. We are still looking for a Controller position, and we are stressing the urgency of filling this position but has been challenging because of the pay of the position. He mentioned that we also made a hire for another senior accountant about 6 weeks ago and they are already helping with data analysis.

Mr. Rosario asked if Sacred Heart has a certain amount of days that we close the books by like, for example, within 15 days. Mr. Guevara said that that has been the goal for years so that we could make sure to double check any miscategorizations or holes. What has happened since the pandemic started, and with our level of growth and change in the finance system, is we have not gotten that report until usually the night before the Finance & Administration Committee. He further explained that he will find errors in miscategorizations, and because of the lack of forgiveness of the Cost Point system, it makes the process that much more difficult. It used to be easier for us to be able to make adjustments in the previous systems. Mr. Guevara emphasized again that if any Board Committee members know of any potential candidates for a Controller position with leadership experience, please share the role.

Mr. Guevara transitioned to share that we hired Kiyomi Yamamoto for our largest department, the Family Assistance department which oversees homelessness prevention, transportation assistance, and financial assistance. We also have another vacancy that's coming up for the Self Sufficiency Director position as we’re going to lose Mercedes Carbajal within a couple of weeks. She will be taking on a leadership role at the Silicon Valley Education Foundation. There are a couple of strong internal candidates applying, as well as an external candidate that could potentially be coming back to us.
Strategic Plan

Mr. Guevara transitioned to discuss the refresh of our Strategic Plan. The Program & Strategy Committee reemerged in the fall of 2023 and the committee members agreed that we did not have to have an overhaul of the entire plan, but update it where we see our work going. We have a great foundation for the plan, but there are some strategic initiatives that we've already started to embark upon that we can include in it. We'll be taking on a second pilot for Guarantee Basic Income (GBI), as well as continued work in anti-displacement and Community Development Corporation (CDC) work. Mr. Guevara shared that it was for these focuses on growing & building power, that he recruited Lydia Bustamante back to be our new Senior Director of Strategic Partnerships. He explained that our current strategies in the strategic plan beyond our 3 core ones of providing programs and services, policy action work and the support systems of the organization, anti displacement seems to be an obvious area of potential growth but not limited to that.

Ms. Bustamante began by explaining that prior to her coming back to the organization, and even before her role as the Associate Director, she was the Community Development Director. Her team brought in the people, the money, the in kind donations and did the marketing & PR. Her team helped frame the story of the organization which at the time focused on showing where social justice fits within the paradigm of service. She explained that the messaging landed on, “where social service meets social justice”, not as a binary of services and organizing but where they meet in the middle. Inadvertently and over time, the framing of that message resulted in a cultural shift of the organization to seeing it as a binary; the social service side, and the social justice side. Ms. Bustamante mentioned that she sees an issue with morale and that regardless of where they sit within that paradigm, they can get excited about bringing resources to the community and building power. She said that part of the reason that we have a seat at the table sometimes is because we're really good at administering financial & utility assistance and that contributes to our ability to have power. There has been work across the organization to suss that messaging out, and where we could land with anti displacement as a major focus. Ms. Bustamante stated that she has started to work on this work in the Power and Organizing department and they were intrigued by the idea of getting other teams to want to do turnout and base building. At the moment, folks in their programs & services are not bought in at all to the idea of outreach. Next step is trying to work with different teams across the organization to bounce this idea of anti displacement as the 4th strategic plan initiative that will replace Covid-19. We want to organize immigrants and renters, and to simplify our frame a little bit. She mentioned she will keep working over the course of this month with our Senior Team, and different team meetings to try to focus on those divisions that will be feeders into the power building work as we rebuild the base essentially for post pandemic. Her hope is that by February, the culmination of those conversations can develop a draft for the new strategic plan that we can report back on with the Executive Committee and the Board. We will also take it to the Program & Strategy Committee, and a collaborative Board & Leadership Council meeting. We’ll take that back around to the all staff meeting to give people an update and give them a chance to weigh in, and react. From there, the Strategic Plan could be ready by Spring, and can be ratified by the June Board meeting.

Mr. Nguyen shared that he was struck by the sentiment around finding people outside of the organization to do the outreach work. Ms. Bustamante said she was also struck by the internal dynamics and how they impede progress for integration. The data tells us that the immigrants and renters that we want to organize are already part of this base, but the relationships from an interdepartmental perspective are preventing us from designing strategies for integration. She further shared that it’s great that Kiyomi Yamamoto wants to organize around housing, and we’re doing work around organizing renters instead of only housing advocates. Ms. Bustamante said we’ll get there, but it is going to take a little time to get people moving in the right direction. Mr. Guevara said that he’d love to get the help of the board to implement a strategic pivot because at the moment people would like their service transactions data represented and not on mobilization. Ms. Bustamante said that people also need to want to do this work, be proud of it, and see their value add to it. She said that the culture and morale is what we need to work on for a little bit before focusing on logistics right away.

Mr. Nguyen shared that he is hearing a lot of different issues like morale, the compartmentalization & silo of power building. He said he wonders if we should think about it structurally and separately. Mr. Guevara agreed and said he wanted to give credit to Angie and Roberto from Organizational Development for their work in internal culture building. Their work in organizing the All Staff Retreat, meetings, lunches, and other events that bring people together has created a lot of goodwill. Ms. Bustamanted wanted to clarify that when she mentioned morale, she isn’t just talking about people feeling good, but organizers not interested in building power for the larger Sacred Heart, not just one area.
Mr. Nguyen suggested that if we have upcoming collaborative meetings with Board Committees, perhaps the sessions can be called strategic pathways rather than intimidating folks with what they might think is a 30 page Strategic Plan. In other words, in a collaborative meeting, Board members get to help update one strategic pathway of the strategic plan.

Mr. Guevara thanked Mr. Nguyen and said that since they’d already discussed Ms. Bustamante’s work around the Sabbatical Policy in their check in, that the topic can get picked up at the next Executive Committee meeting.

Adjourned @ 9:30 am
MINUTES

Present: Poncho Guevara, Angie Guatemala, Vu-Bang Nguyen, Valerie Gonzales, Asn Ndiaye, Carlos Rosario

Organizational Update

Mr. Guevara began by sharing that we have a finalist for the Self Sufficiency Director position, Veronica Amador who is a former staff member and originally left us to work for the city last year. The REAL Coalition has been helping to advance an office of community-based violence prevention which exists in other communities around the country. He wrote a policy brief with our Board member Jessica Blitchok describing that office’s prioritization. There is going to be a report out about it, and we’re going to need staff and potentially Board members to help address getting public resources into reimagining public safety. Mr. Guevara also shared that we are still in the process of working through how we want to organize the Guaranteed Basic Income (GBI) pilot for undocumented seniors through our PASOS Committee. We are trying to get support from our Board of Supervisors in the coming weeks, but luckily we County Supervisor Otto Lee supporting it. He explained that we’re looking into getting other folks like County Supervisor Sylvia Arenas on board.

Mid Year Financial Update

Mr. Guevara transitioned to explain that during the Finance & Administration Committee meeting, we found in the profit & loss statement that there is a significant deficit for where we are in the fiscal year. It showed there were errors and miscategorizations. At this point in the fiscal year, we were expecting a $541K surplus expected from the holidays, but we found we were about $400K behind. We’ve pushed back on the Finance team, as well as the Community Development team to see where we really are. There are issues with systems and how it communicates with Salesforce. Mr. Guevara explained that the bottom line is for the first 6 months of the year, we almost broke even. We are ahead for the year, but this is the time of the year that we’re supposed to be piling away cash. Taking away depreciation from the equation, we had a net surplus of about $50K, but we are supposed to be ahead by $541K. He mentioned that our deficit is about a half million dollars under what our budget was for the year. Our Deputy Director, Darren Seaton is heavily involved in a re-budget. What can we reduce in terms of spending the remainder of the year, and clarity on some line items.

Finance Structure

Mr. Guevara transitioned to explain that these issues with our Finances have led us to a management solution with a new Senior Director of Finance Operations position. It would be in charge of our Finance team & systems. The original plan was hiring a Controller position but we haven’t been able to fill it. Once the audit came out, we made the recommendation for this position. We would pay this position more and put them in a leadership role from the start and then start to consolidate the team where possible (senior accountant, finance manager and then a controller position).

Mr. Ndiaye asked for clarity on the cause of the deficit he was mentioning. Mr. Guevara explained that normally during the end of the second quarter of the fiscal year, or what we call our giving season, there is a build up a healthy surplus that we carry through the rest of the fiscal year. We seasonalize the budget knowing that we expect more dollars raised during various points in the year. The hope was to raise $1.1 million in December, and we raised $800K instead. Because of that we’re about a half a million dollars less for the year in the fundraising category. Mr. Guevara also shared that from a balance sheet perspective, we’re sitting on about $11 million in cash.
Sabbatical Policy

Mr. Guevara moved on to give a Sabbatical Policy update. He explained that a few years ago, the Board & Executive Committee suggested that he should take a Sabbatical. He wanted to make sure that we created a great policy and that it would be available for others in the organization as well. Lydia Bustamante was charged with researching and drafting the policy when she came back. Mr. Guevara shared a deck that explained further details on the policy.

- **Internal goals:**
  - To enable long term staff to refresh and renew their commitment to the organization
  - To strengthen internal systems for program leadership and sustainability
  - To offer a general incentive to join, return and succeed in the organization

- **Methods for Policy Development**
  - Review research and nonprofit best practices
  - Input sessions from a sample set of tenured staff
  - Input from the Senior Management Team on how to maximize success and effectiveness of a new sabbatical program.
  - 1:1s with 3 local nonprofits who have implemented
  - Next draft will go to ED, Deputy and Associate Director. And then the Board Executive Committee
  - Share policy with the Union representatives

- **Best Practices**
  - Preparing for a successful ED/CEO sabbatical
  - 6 sample policy procedures from nonprofits

- **Nonprofit Peer Input (Law Foundation. Fresh Lifelines for Youth, and Center for Cultural Innovation)**
  - Calculations are hard but important
  - Consider preserving the employee’s autonomy and choice
  - Policy vs Procedures vs. Modeling Norms
  - Be explicit about the target audience (designed for those returning to work and planning to remain for at least one year following sabbatical.

- **Staff Input - most was in alignment but in other conversations it brought up some interesting points**
  - Retrieved list from HR of exempt staff with tenure of 8 yrs or more
  - Invited them to a confidential meeting to weigh in
  - 11 people opted in to 3 different sessions
  - Well planned leaves will:
    - Create a variety of coverage options: temps, shared team work, interim roles with compensation
    - Being okay with putting some things on hold
    - Normalize updated training manuals
    - Secure the person’s job when they return
    - Foster mutual support and respect (department black out dates)
  - A poorly planned leave will:
    - Make us look disorganized to the outside world because their staff point of contact is gone.
    - Let down your team. Leave them in a bad situation
    - Force higher workloads on others
    - Cause some people to come back buried because the work wasn’t done
  - A fair process should allow:
    - Allow seniority to trump timing
    - Foster collaboration; employee recommendations and calendar planning
    - Be communicative about strategic use of vacation time
    - Offer procedure for denied cases
The process should NOT:

- Foster resentment due to who is considered eligible.
  - Avoids PIPs, but also, does their review need to be perfect?
- Forget timing

Other pro tips:

- Be clear about what counts as a department so that approvals are clear (i.e. multiple requests in Self Sufficiency)
- Clarity on process steps so they know where their request is in the queue
- Front page checklist for things you need to be eligible, timeframes. Plan
- Include scheduling a reorientation meeting upon return

Working Draft

- One sabbatical leave granted within division at a time to a qualifying candidate, staggered to reduce programmatic and organizational impact
- Required planning: minimum 6 months with operations plan and endorsement from department director.
- Duration:
  - After 7 yrs of service: minimum 8 weeks, maximum of 10 weeks (can stack vacation)
  - After 14 yrs of service: minimum 8 weeks, maximum of 12 weeks (cannot stack vacation)
- 7-14 years tenure and approval of operations work plan
- Decision making:
  - Designed by the employee, written up as a proposal/plan to supervisor for endorsement and submittal to ED
  - ED presents the slate of proposals to a selection committee (ED + 2 or 3 Board members) on a quarterly basis.
- Full salary benefits during period of leave, but accruals will pause
- Must be taken consecutively
- Upon return:
  - written reflection (only requirement) & brown bag session
  - can’t apply again for at least 5 yrs

Mr. Guevara asked if there was feedback about the timing. Ms. Gonzales shared that she really liked the draft policy, and that it covers a lot of initial questions she had.

Mr. Guevara ended by mentioning that a draft agenda for the Board meeting will go out via email.

Adjourned @ 9:20am
MINUTES

Present: Dalenna Hughes, Lydia Bustamante, Martha Gutierrez Angie Guatemala, Vu-Bang Nguyen, Sameena Usman, Jessica Blitchok

Program Update

Ms. Hughes began by introducing Lydia Bustamante as the new Senior Director of Strategic Partnerships. She mentioned that the last time the group met in October of 2023, we discussed the goals and purpose of the committee, as well as the start of a conversation around updating the organization's Strategic Plan. Ms. Hughes prefaced that she will give some program and organizational updates, as well as go into a conversation around Guaranteed Basic Income (GBI) because this is both a program and strategy space.

Ms. Hughes explained that at this point in the year, our program objectives have been grouped into empowerment, development and operating plan categories.

- Empowerment:
  - Strengthening Leadership Council:
  - Budget Training
  - Collaborative Department Meetings
  - Anti-Racism Training
  - Solidarity Summit (April 27 2024)

- Development
  - Organizational Development:
    - All Staff Meetings
    - Senior Management Team Retreats,
    - Sacred Heart U launching 1/24
    - Senior Team Roadmap at the halfway mark
  - Grants Management System implementation

- Operating Plan
  - Strengthening Committees:
    - Division and Department Design Exploration with Leadership Council
  - Volunteerism:
    - Action Plan with Community Development & Essential Services

Guaranteed Basic Income

Ms. Bustamante transitioned to share a slide deck on Guaranteed Basic Income (GBI or GI). She explained that she’d like to get some advice and partnership from the Board around the work of GBI at Sacred Heart. She left to join Silicon Valley Community Foundation (SVCF) in 2022 to help lead and guide their work around economic justice, and move them beyond the idea of just family financial stability. The gist of what she proposed to SVCF is that this region can center community leadership, and can get folks some immediate relief in the form of cash without a lot of strings attached while we’re working towards policy and systems changes. We could see a more equitable future in Silicon Valley with an incrementally shrinking racial and gender wealth gap over the next 10 years.
Ms. Bustamante said that her goal in talking with the committee about GBI, is to get thoughts and buy in on deploying one of two strategies to advance the principles of a GBI in the way that we position ourselves whenever we're asked to work on direct cash assistance programs.

**Common Language**

Ms. Bustamante transitioned to share some common language and terminology in GBI work so that we can demystify what they mean. She explained that folks might think Universal Basic Income (UBI) and Guaranteed Basic Income (GBI) as the same thing, which is not uncommon even for those deep in this work. UBI says that everybody gets the same amount of cash. Whether you're part of the 1% or you're living in poverty, each person gets the same amount of cash and it's unconditional, with no strings attached. GBI is generally known to target a specific targeted amount for people that have been disproportionately affected by some systemic problems. The unrestricted cash is because we trust that families know what to do with their own money. Sacred Heart is currently working on and partnering with Destination: Home and the Si Se Puede Collective to run the GBI pilot program.

Ms. Blitchok asked for clarification on if UBI, and GBI are both unconditional. Ms. Bustamante agreed and said it is the same framework, except GBI is targeted. People do need to demonstrate they belong to said targeted community. Typically everybody receives the same amount in a GBI pilot for the most part. Ms. Bustamanted further mentioned that there might be a GBI pilot specifically targeted at young moms, transition age foster youth, or people reentering society after incarceration.

Ms. Bustamante mentioned that besides UBI, and GBI, there are other types of direct cash assistance programs too. The programs tend to be rental assistance, or child care assistance. Sometimes those designed programs are designed for specific populations like the Child Tax Credit. At Sacred Heart, direct cash assistance tends to look like checks made to landlords, checks made to utility companies, and rental assistance. Usually they're restricted to prove that our people are deserving enough which is dictated largely by the funders. We don't want people further conditioned to think they have to prove they are worthy of financial support. She showed that the organization loves the GBI model because:

- No-strings-attached approach to direct financial assistance preserves dignity
- Targeted, equity lens
- Quickest route to Z on changes in mobility indicators
- Systems-level approaches to removing barriers to access

Ms. Bustamante said that case management is viewed by funders as a way to prove that people won't be dependent on the system forever. We’ve always dreamed that the administrators for the Homeless Prevention System at Sacred Heart could build an alternative model for providing financial assistance. We think GBI could be that alternative model. She explained that we've learned through the research across the country (150 pilots) that when families have cash, they buy things they need to survive and thrive. There's enough political will for us to actually move from pilots to policy. Locally, there's a few target populations like undocumented seniors.

**What is next?**

Ms. Bustamanted mentioned that as a leading organization working on direct cash assistance for the community, we have to keep catalyzing the moment by investing in the capacity of leadership of those with lived experience. She asked what does it mean when we say from pilots to policy? To begin, the organization is known for being great at getting cash into the hands of the people, and we could take on more leadership to help pull off GBI policy work. The systems currently in place like cities and counties in the area tend to also come to us for access to our people for stories and advice. She explained that we've seen this is a huge opportunity to influence those systems, and we've seen this as an opportunity to influence those systems by doing leadership
development for our people. For example, Sacred Heart Now manages the lived experience advisory board for the entire countywide Homelessness Prevention System. The city of San Jose’s Housing department leans on our committee called Survivors of the Streets or SOS which is made up of some of our unhoused community leaders.

In terms of GBI specifically, in the Self-Sufficiency department, our Economic Justice Network (EJN) team has a direct role in the current pilot funded by Destination: Home. Ms. Bustamante said she will need the committee’s help in flushing out some of our long-term goals around GBI. She shared that in coming back to the organization, she sees the disconnect between programs & services, and the power-building work. She’d like to see Sacred Heart get to a place where staff are clear that we are organizing renters and immigrants and anyone in solidarity with their flight. We’re just not designing programs in a way that taps into them for political action. Ms. Bustamante further explained that we don’t just want a short term GBI pilot program, but a sustainable program and public benefits for our people. This will require political and community action in order to make that happen.

Ms. Bustamante explained that in the case of PASOS’ Aging with Dignity Campaign, we don’t just want a short-term pilot program, but we want sustainable programs and public benefits for people. She said that when she was on the funder’s side at SVCF, she worked with the County and others in philanthropy to put in place 4 programs: former foster youth, young moms, unhoused high school seniors, and justice involved clients in their reentry programs. PASOS was late to the party after they had already coordinated to get that suite of programs approved. Destination: Home stepped up and agreed to fund most - but not all - of the 5th pilot for undocumented seniors. Our PASOS leaders have done a ton of work to learn about what’s needed to get this in place. Ms. Bustamante gave credit to our community organizer, Cindy Bautista, for facilitating research actions to learn where they could go together given the timeline. But to our surprise, PASOS only suggested 50 people for the pilot which is not enough people. We are working on getting County Supervisor Sylvia Arenas on board so we can at least have a chance to not only get the County to cover some of the costs and evaluation of it, but also to have a chance to grow. She explained that we’ve seen in a couple other states, the idea is that if you invest direct cash assistance into communities that are already organizing, you can actually make it possible for people to not only meet their own self-sufficiency indicators but also enable them to have enough freedom in their life to participate in the civic engagement process. She said she is asking the committee to sign off on the idea that we actually need to design our programs in a way that is very tight with our power building work. There are 2 potential pathways for us to proceed with your cash assistance. Number one is we keep giving away tens of millions dollars to family assistance, knowing that none of them are going to turn into a base. It’s for the purpose of family economic mobility, which is fine and it’s and it works right for that perspective. Number two is rebuild our infrastructure in our base and really focus on targeting renters and immigrants for our community organizing work.

Ms. Blitchok asked if there is a downside or could there be resistance to the idea of rebuilding the structure. Ms. Bustamante said there us a bit of an internal personnel dynamic because some people feel like they’re training for their job description as something like a case manager for example. There has to be cultural change that will be necessary. In order to help people feel that they have a stake in the game regardless of where they sit within the organization.

Ms. Usman said she personally doesn’t feel like there would be a downside. It's a great way to have community building to be able to push forward to have people also advocate for themselves as well. It would be incredibly powerful and impactful and also it empowers somebody to say we can collectively make this change. Yes there is staff work to do, but it can be done.

Ms. Hughes said that it makes her think of a fear around the rigidity of the county contracts that holds staff back from getting involved in organizing the members. It's an irrational fear, but it's a fear associated with compliance with contracts. She explained there would need to be some internal work on breaking down the fear to have a cultural shift, and how we think about the utilization of the budget. As professionals working in nonprofit settings, we feel beholden to our funders all the time and limited by that.

Ms. Bustamante said part of the way we do things at Sacred Heart is that we never put a hundred percent of somebody else’s staff or some staff member onto one contract. We usually put 80, 85% in order to allow for the flexibility of the priorities of the organization, things like holidays, all staff meetings, and training. There’s a handful of exceptions, but it's pretty few and far
between. There needs to be an on ramp in the structure of the organization for people to decide what they want to commit to with organizing practices, and know the basics about how to listen for someone who might care about some of the campaigns that we might be working on. She further explained that the organization has an organizing professional development space called Sacred Heart Organizing Roundtable (SHORT) for any staff member who is curious about that and wants to learn about organizing, regardless of their role in the organization. SHORT meets regularly and it is a mix of organizers, and people that are not organizers but really care about social justice. There's a space for everyone to be a part of the movement. We have a loop of doing direct cash assistance in order to feed our power building work and we do our power building work in order to fight for more resources. Ms. Bustamanted wrapped up by saying that we have to get our staff to see where the service or program that members apply for were built on the backs of the organizers who came before.

Collaborative Meeting for the Leadership Council & Program & Strategy Committee

Ms. Guatemala shared that she will send an email to the committee with details on the next February in person collaborative meeting, as well as the next committee meeting.

Adjourned @ 3pm
MINUTES

Present: Melissa Morris (Board member), Carlos Rosario (Board member), Poncho Guevara (Executive Director), Dalenna Hughes (Associate Director), Darren Seaton (Deputy Director), Mike Soukup (Finance Director), Rhodora Frilles (Sr. Accountant), Martha Gutierrez (Admin Management Analyst)

Review Financial Statements

Mr. Seaton began by sharing the financials through the income statement that included the results from December 2023. He showed the net income to date actual including depreciation which is a deficit of 96K.

As of the end of December, SHCS has a year to date variance for contributed revenue with a negative 386K, which comes as a result of the difference between the fundraising forecast we made and the actual resources we got. We estimated that during our fundraising season we would’ve been getting about 1.1M, but we only did 737K.

He mentioned that on the foundation side we were over by about 500K, and we were kind of hitting the mark on the side of Grant revenue.

As for our Energy and Homelessness Prevention programs, the numbers show they’re behind but it’s not really a concern because these programs are designed to break even and be self-sufficient, so they take very little support from the organization compared to the rest of our programs.

In regards to the expenditure side, we’re running behind on direct labor and there are significant variants in subcontracts and consultants that are generally tied to the HPS system, which is still trying to ramp up.

We are over on benefits and we’ll go through a detailed revision there, as well as on IT and facilities. We are also below spending on management in general and fundraising, which brings us to a current overall variance of 852K.

He pointed out that we’re still working to revise if there’s revenue pending that will show up in January’s results, but clarify that these results presented include anything that was electronically transferred into our bank account by December 31st, 2023.

Mr. Seaton shared that we are in the midst, working on a re-budget that will help us to get an accurate forecast of the end of the current fiscal year. We need to ensure that government contracts are actually being accessed and completely spent and that we’re not reducing any amount of general operating funds that go to programs with that. And for that, we need to work with program directors on targeted reductions of about 10%.

He considers that the numbers in subcontracts and direct assistance programs are going to change significantly after these revisions.

Ms. Morris asked if there will be a need to approve a revised budget at the next Board meeting, and Mr. Guevara explain that part of the Board’s responsibilities is to pass and annual budget, but it doesn’t include a seasonalization and we also work over the base of a bunch of assumptions so as Mr. Seaton commented, we need to get better at reviewing our data and make adjustments when needed.

Mr. Guevara added that board action would need to take place if we decide to do significant changes such as specific cuts, programmatic costs or personnel actions, among others. Besides, he commented that we are already saving approx 200K monthly because we have around 5% of open positions thus far even beyond the vacancy rate of about 5%, so we’re probably operating...
closer to a 7% vacancy, and he would explore the possibility to propose delay hiring some positions as part of a material change of our re-budget. The most important thing right now is to know and clearly understand how we can get what we projected at the beginning of the year.

**BALANCE SHEET**

Mr. Seaton began by sharing the balance sheet, sharing the numbers of our liabilities, assets, and deferred revenue. It showed that the organization does not have any cash flow issues. Also, he said that it’s very important to pay attention to the big cost reimbursement contracts.

The current ratios are good and SHCS has 16 million dollars in networking capital, which is an increase over last month.

He also remarked that the organization closed out with the lenders from the new market tax credit, so all the cash in the construction budget has all now been moved over to Sacred Heart Community Service.

Mr. Rosario asked how does support corporation pay events show up on the cash flow?, and Mr. Soukup confirmed that they are considered in the inter company line.

**Collective Bargaining**

Mr. Seaton said that there isn’t any notification from the Union that they’re ready to start bargaining yet, although the collective party bargaining agreement expires on June 30th, 2024. The law states that the current agreement stays in place until a new one is finalized, no matter if the expiration date has passed.

**Investment and Endowment Policy**

Mr. Seaton commented there’s no update other than we are receiving Fidelity statements rather than the ones from Enterprise.

**CSBG Organizational Standards**

Mr. Seaton shared that we’ve submitted SHCS Organizational Standards, and the Bylaws being reviewed by an attorney is in process.

**Human Resources**

Mr. Seaton reported that in December we had new hires, including the return of Ms. Sofia Rocha as Director of Essential Services, and Kiyomi Yamamoto who was hired as Director of Family Assistance.

Between December and January we’ve had 6 exits. Also we have 9 open positions including HR Director, Controller, and Director of Self-Sufficiency.

Open Session Closed @ 8:42 am.
FINANCE & ADMINISTRATION COMMITTEE MEETING
Friday, February 16, 2024, 8:15 am
Sacred Heart Community Service – via Zoom
1381 South First Street, San José, CA

MINUTES

Present: Melissa Morris (Board member), Carlos Rosario (Board member), Poncho Guevara (Executive Director), Dalenna Hughes (Associate Director), Darren Seaton (Deputy Director), Michael Soukup (Finance Director), Rhodora Frilles (Sr. Accountant), Martha Gutierrez (Admin Management Analyst).

Review Financial Statements

Income Statement

Mr. Seaton began by sharing the financials through the Income Statement that included the results from January 2024. He showed the net income to date actual including depreciation, which is a deficit of 97K.

As of the end of January, SHCS has a year to date variance for contributed revenue with a negative 260K, which reflects remarkably better results compared to the numbers presented last month.

He mentioned that in regard to Individuals, we are still tracking a little bit behind, but Foundations have a positive variance of $72,000 for the current month. We are also running slightly behind on government revenue with a current monthly variance of negative $54k.

Our Energy programs are basically funded by government contracts and are designed to break even, they take very little funds from general/unrestricted funds.

Homelessness Prevention programs are catching up but they’re still behind, that’s why our HPS Department is currently revising its budget.

On the Direct cost side we’re still seeing savings in direct labor, and these have a correlation that goes with benefits.

It’s important to mention that we’re spending more on benefits due to an error, because we discover that there was a variance in the accrued vacation rates so we have a difference in direct labor and benefits.

To better explain this situation, basically we take all our benefits costs and part of them is accrued vacation that comes across as a non labor expense and goes into our benefits, but when we created our budget we also created a benefit rate for the overall budget, however the benefit rate is different on different contracts. So it would be different on federal contracts as compared to a lot of the local government contracts or even grant funding that we get, based on how the contract would pay for.

In regards to sick vacation and holiday days, we discovered that the benefit rate that we put into the initial budget was a little bit over 21%, but our actual benefit rate is closer to 25%.

Also, our Kaiser premiums had about a 10% increase that we figured that would kick in this year. In general, our difference in various amounts is about 122K to date.
Mr. Guevara expressed that we have some issues in terms of how the budget was created, so it's been difficult to track and understand the deficits we've seen. Because our contributed revenue usually has made us very sensitive to which involves a lot of some directed grants and a lot of flexible unrestricted general operating money from individuals and corporations and foundations and other things that are on track for the year, that is what we thought we were behind when we showed you a version of this a month ago and we showed a slightly better version of that more recently to the executive committee and staff.

We're still looking at the fact that we are having a considerable amount of salary savings but also significant deficits in relation to our projections, but we should be ahead for the year and it doesn't appear to be a fundraising problem.

Given all this, we're gonna be very careful in our hiring. We may need to not fill certain positions that we had slated for the year. And we're gonna need to look for other savings and other things while we get underneath our deficits.

He added that we are in our sixtieth anniversary year, which gives us the opportunity to sell sponsorships. We already got one company to give us 100K sponsorship for our celebration. We set a fairly modest goal around 600K, in terms of getting some sponsorships and other things to be able to raise from different events and activities.

Ms. Morris questioned if on the accrued vacation liability the issue was that it has been tracked somewhere else other than benefits, or is the issue that hasn't been factored in at all. Mr. Seaton explained to her that it's always been part of the benefit rate.

There are fringe rates that are different on different contracts, for example, if it's a contract that pays for an FTE that we can directly bill things like, sick holiday vacation. Or if it's a federal contract that's paid for an activity that we have to charge a load rate of 30% to be able to capture the same costs.

**Balance Sheet**

Mr. Soukup mentioned that the highlights on the balance sheet are related to the cash flow, because we collected about 3 million on our HPS contract, that came from the main contract with the County, which invoiced quarterly, and our quarter invoice payment was over 3.4M.

He said that November and December have traditionally been the best fundraising time, so cash-wise, we're doing pretty well.

He also shared that there is some cleanup and reclassification to do in the balance sheet, related to the charges between Sacred Heart and the Support Corporation, that will happen as soon as we get the final audit report. Mr. Seaton added that overall, we are still very liquid with 16M in networking capital.

Mr. Seaton continued explaining that in regards to our Accounting System (Costpoint) we are implementing the planning and budgeting module to create our FY 2025 budget integrating the current data. We are working with a consultant helping, so we will improve the data presentation for all our programs going forward. We'll be able to pull all the actual data and make sure we've accounted for everything.

**Collective Bargaining**

Mr. Seaton shared the update on the collective bargaining agreement, which is that the Union has expressed they want to renegotiate but they will notify us sometime before the 90 day end of the contract on June 30th, 2024.
Essentially the contract stays in place even if it were to go past the June 30 expiration date, but unless the union says that they want to negotiate with us, 90 days before the termination of the contract.

**Grievances**

There are no particular grievances to report.

**Organizational Standards**

Mr. Seaton shared that we are OK thus far with organizational standards, but sometime in the next 3 months, we’re going to be reviewing our Bylaws. We don’t want to change them, but we need to have them reviewed by an attorney, and he thinks there are some things we probably want to change, so they’ll be presented to the Board.

**Human Resources**

Mr. Seaton commented that in January we had 3 new hires and 9 employees that left. We also had 3 probationary releases, which is for bargaining unit employees that have 150 days of probation to determine if the situation is working out or is a good fit from the employee side.

Currently we have 8 open positions.

**Facilities**

Mr. Seaton shared that facility wise and new markets tax credit we’re on a glide path right now because the construction line that we have has now been completely expanded and being reimbursed for all the costs that we’re going to be reimbursed for it.

So then we have just the new market tax credit structure right now where SHCS pays rent payments to the Support Corporation, and the Support Corporation then receives almost the entire amount of that payment back.

He and Mr. Guevara met with R&W last week to talk about renovations at 1381 and review the plans that we already have and start the process.

Mr. Guevara questioned Mr. Soukup about how complicated it could be to get funds ready for these renovations. Mr. Soukup said that for the short term it is not difficult, but it could be problematic at the end of the fiscal year when Destination Home steps away and the County takes over, so there’s uncertainty regarding the advance money for the HPS work.

Although the projections seem very good, there’s uncertainty from the County contracts whether they’ll actually be submitting advances, so it could be a timing issue.

**Racial Justice Work**

Mr. Guevara shared that the main conversation at the board meeting is gonna be kind of walking through our racial justice work plan and sharing the data from our employee action plan and racial justice survey that we just completed.

Little top lines of it include that our staff feel like we have a really strong commitment to this work.
We don’t have the official version yet, but basically 97% of our staff believe racial justice is really necessary to do our work, and 95% feel that SHCS is committed to this work.

The staff is able to recognize and identify those incidents of interpersonal racism. The majority of folks feel like they have the environment where they can talk about race and have the training and support to actually do this.

The trend lines are really good, but there’s always work to be done. The board will get the full report including our demographics and how to place out with this, what are the priorities around learning and engagement that we’re going to do with our staff and the support that they need.

He feels proud of the work that our organizational development team is doing and our organizational leaders have continued to plow ahead with that.

Adjourned @ 9:03 am
MINUTES

Members: Claudia Lopez, Tania Bravo, Ma. Soledad Tellez, Simret Habtemariam, Crisostomo
Staff: Dalenna Hughes, Angie Guatemala
Public: Maria Maravilla

Program Updates - Members

Name: Claudia Lopez
Committee: Safe, Secured & Loved
Next workshop will start on January 22, 2024. Additionally, Logrando Juntos will start classes of Economic Justice in February 2024 over Zoom or in person.

Name: Tania Bravo
Committee: PASOS
PASOS continues to advocate for guaranteed basic income for undocumented seniors with the support from County Supervisor Otto Lee. County Supervisor Sylvia Arenas has not responded openly or in favor of this ask still.

Name: Ma Soledad Tellez
Committee: PASOS
There are upcoming mental health and well-being classes in January 2024, as well as Digital Inclusion courses.

Name: Veronica Orozco
Committee: La Mesa Verde
La Mesa Verde has 20 new families signed up, and currently has 180 families total. The program is working on tilling the soil of current garden beds to prepare for plant, fruit and vegetable growth in the springtime. The committee is also working on having more consistent meetings because previously it was inconsistent. Ms. Orozco mentioned potentially connecting committee members to other parts of the organization like computer classes, and English classes. Lastly, Ms. Lopez asked if LMV is only for San Jose, and Ms. Orozco explained that LMV now has members who moved to Gilroy from San Jose.

Sacred Heart Program Updates

Associate Director, Dalenna Hughes transitioned to give updates on service program updates. She explained that we were able to bring back our former Essential Services Director, Sofia Rocha. Family Assistance will gain a new director named Kiyomi Yamamoto who came from Silicon Valley Community Foundation. Family Assistance has also promoted Edgar Munoz as a new manager. She shared that Leadership Council member Yazmin Espinoza is leaving the LC because she is actually now employed at Sacred Heart in the Self-Sufficiency department.

Holiday Gift Cards Distribution

Ms. Hughes shared that in the previous couple of years, the organization gave out gift cards to A and B level leaders during the December holiday distribution time. This started as a Covid-19 initiative in order to have a contact-free option for Toy Distribution, and then an incentive for A & B level leaders to volunteer during the busy season. This year, we are asking the Leadership Council if they can help with the distribution of gift cards during distribution. The group discussed potential dates for distribution that could work for their schedules. Senior Management Analyst, Angie Guatemala said she would send an email out to everyone once we decided on the dates that work for everyone.

Racial Justice Series Continued: Intersectionality
Ms. Guatemala and Ms. Hughes transitioned to discuss the topic of Racial Justice at Sacred Heart. Ms. Hughes mentioned that in the previous Leadership Council meeting, the group discussed Racist Justice Basics 101 which covered terms like ethnicity, racism, prejudice, interpersonal racism, cultural racism and institutional racism, as well as our anti-harassment policy. She further explained that we have included racial and social justice as a commitment in the organization’s Strategic Plan, and it is built into our Operating Plan as well. With the continuation of this topic to ensure we continue to work on becoming an anti-racist, multicultural and inclusive organization, we would dive into the topic of intersectionality.

Ms. Guatemala proceeded to play a video that covers the topic of intersectional feminism. Before playing the video, Ms. Guatemala explained that the term intersectionality was coined by Kimberlé Crenshaw, and that the video focuses on intersectionality in Latin America.

The video covered themes of intersectionality for Indigenous women, trans women, white feminism, abolition, classism, ableism, sex work and colorism. The presenters in the video discussed not feeling included in white, middle class and academic feminist movements because it historically left out people who didn’t fit the narrative of cisgender, hetereo-normative, middle to high class women. It also highlighted how intersectional feminism is getting involved in movement work around human rights.

Ms. Guatemala asked the Leadership Council what their thoughts or reactions were to the topic of intersectional feminism. Ms. Tellez shared that she really enjoyed the topic of intersectional feminism. Ms. Crisostomo mentioned that she’s never felt feminism was for her, and has felt that people use the topic for their convenience. She explained that she understands why people protest for their rights, but never felt inclined to get involved. Ms. Orozco said that she thought feminism was a type of machismo, or hatred towards men the way machismo hates women. She does see that in the United States, it is important for all women to fight for each other. She would like to see men included in the conversation of feminism. Ms. Orozco further explained that she has seen instances of colorism amongst Latina women. Ms. Guatemala clarified that the video did not discuss misandry, but rather the mixing of identities amongst women, and how system oppression affects people differently. She explained that racism and misogyny is a combination of prejudice and power. Historically, people who have had power have been white and they’ve been men, but it is understandable that extreme hate towards men has also happened. Ms. Guatemala also gave an example of the first wave of feminism in the U.S. that fought for voting rights but exclusively for white women that were not poor. She further explained that the video explains that you might be a woman, but your ability to get a job is negatively compounded when you’re also disabled. Intersectionality teaches us that we should pay attention to historically marginalized identities, and what happens when you have multiple identities at once. Ms. Guatemala posed the question about what intersectionality teaches Sacred Heart about not having all voices represented at the table. How can we be a more inclusive organization? The rights of services and programs also affect people differently based on their identities. Ms. Crisostomo shared that she noticed the public reaction to the Indigenous actress from the movie Roma was very racist in Mexico. She said she had not been Indigenous, and a lighter complexion, the media would have accepted her. Ms. Crisostomo also shared that she has a Moroccan friend who feels discriminated against her and her family because they are both Black and Muslim. Ms Guatemala wrapped up by saying that we would continue covering these topics in 2024.

**Holidays**

Senior Director of Community Development, Ms. Matthews transitioned to explain that going into the holidays, the organization is in need of volunteers during the holiday distribution week. She also mentioned that if the Leadership Council wanted to do it is a group, we could create that for them so they can work together. Ms. Guatemala mentioned that she can send everyone the link to the volunteer portal to sign up for the following dates:

**CHRISTMAS**
- Dec 16,17 Food Packing
- Dec 18,19 Food Distribution
- Dec 20,21,22 Toy box distribution

LC members are interested in volunteering in the food packing days.

Adjourned @ 11:01am