

**Casa de Esperanza  
Meeting of the Board of Directors  
November 17, 2010**

**Minutes**

**Board members present:** Athena Adkins, Rick Johnson (via phone), Nicole McKoin and Miguel Ramos (via phone)

**Staff members present:** Patti Tototzintle, Amy Sánchez and Nancy Cicero

**Guest present:** Chris Brinkman, Tubman

The meeting was called to order and chaired by Athena Adkins.

- I. Welcome and Call for any Conflict of Interest Declarations  
Athena opened the meeting. No conflicts of interest were declared.
  
- II. Consent Items
  - A. Agenda Approval
  - B. Approval of October Minutes
  - C. Approval of July Minutes
  - D. Approval of Revised June Minutes

**Motion to approve the consent items, made by Nicole McKoin and seconded by Miguel Ramos. Motion carried.**

- III. Recent Highlights
- IV. Amy presented *WINS: Casa de Esperanza (July – November 2010)* and walked the group through the document of highlights from the past five months. She included important statistics from FY2010.

Amy distributed *External Funding Sources*, a document outlining grants revenue, government funding secured, other funding secured and funding pending FY11. She also directed the board's attention to the OVW grants that were recently received.

V. Financial Updates

- A. Appointment of New Treasurer  
Yolanda Cotterall has resigned as board treasurer.  
**Motion to appoint Rick Johnson as treasurer until the end of this fiscal year, made by Nicole McKoin and seconded by Miguel Ramos. Motion carried.**

The group discussed the two recent board webinars for reviewing the organization's financial status and cash flow. Nicole expressed her concern that only two board members participated in the October webinar, which required considerable staff preparation. It was decided not to continue the webinars. Instead, Patti will send the board a memo with financial status on the fourth Wednesday of each month when there is not a board meeting. Board members can then email their questions about the memo. Athena stressed that board members communicate their questions via email, using "reply all." Patti was asked to respond to questions within 48 hours. In this way, everyone will be able to see

all questions and all responses. The board will revisit this practice at the end of FY11 and decide whether or not to continue.

B. Year End 2010

Patti referred everyone to the financial documents dated, June 30, 2010. We are in the final stages of reviewing FY10 and anticipate a deficit of approximately \$41,000. Chris Brinkman explained that the process has been slower than anticipated, in part due to key questions or steps regarding allocation of funds (or drawing down funds) that were not yet finalized when the finance transition took place. In response to questions about the impact of the deficit on FY11, Chris offered to send Athena some explanatory documents on accounting.

C. July – September 2011

Patti distributed the Q1 financial documents. Chris explained that there is usually no monthly statement for the first quarter of the year. It is not unusual to take 60 days to produce the financial documents for the first quarter. Chris walked the group through the documents, pointing out that there was significant revenue in October that is not reflected in Q1. She referred to the “Line of Credit” liability on the September 30 balance sheet, \$50,962, and said that we are currently not using the line of credit at all. Patti added that we have moved out of some of the financial challenges of the past months and will continue to see improvements in the coming months.

Athena praised the staff for getting us “out of the hole” in a very short period of time. Chris added that she has been impressed with Patti and Amy’s work and priorities and also with the staff—rather than seeing a reduction in services, staff seem to be serving at as high a level as possible.

Miguel asked if the staff are still on reduced hours. Patti responded that they would be looking at the financials and projections in the next month or two and reiterated the established priorities of:

1. Paying off the line of credit in full and maintaining the full line of credit available
2. Paying all vendors in a timely manner
3. Covering operating expenses
4. Ending the reduction in staff hours.

Athena asked that the board be notified immediately when the decision is made to restore all of the staff to their full hours.

Athena thanked Miguel for making the fundraiser possible at Target Field last week. She suggested a party there in the future—a casino night with salsa dancing—where we would charge for tickets. The group briefly discussed the possibility of a fundraiser in February or March (at Target Field again if possible), timed to coincide with the board retreat. Amy stressed the necessity of board engagement in bringing people to such an event. The staff is capable of planning and carrying out the event, but it cannot be done successfully without each board member’s commitment to bringing a certain number of people. Miguel noted that he would look into the possibility of the space. Amy said that she will put together a basic budget and send it to the Athena.

D. Cash Flow and Funding Status

Chris distributed the most recent cash flow information, explaining that the document is really a management tool, not an exact prediction. She pointed out that the OJP income is later than usual (OJP needs to finalize the new grant contract), so it will not be available to us until December. She added that the OVW TA grant and OVW youth grant will bring in funds that are not entered in the document.

Athena asked Chris about the ideal cash amount that she would like to have on hand. Chris responded that 60 days of payroll—approximately \$160,000—is ideal but probably not feasible in this economy.

VI. Board Work/Process

A. Policy Board Overview/Expectations

Athena provided a brief explanation that the Casa de Esperanza board is a policy board—the board’s job is high-level. The board sets priorities and budgets. She gave the example that the board does not determine program areas but does set the budget priorities that affect the program. It is the staff’s role to determine how programs will be established and implemented.

B. Board Committees

The committee status was reviewed.

Athena updated the group on the Board Development Committee. The last committee discussion focused on national board recruitment and prospects. In early December, Athena, Patti and Amy will hold a webinar with a potential candidate in international sales for IBM. There is a possibility of a candidate from Verizon. Yolanda is looking to see what might develop with Ricardo Antonio Chavira, who was interested in our national work. After the holidays, the committee will also begin to look at local board members, since three local members resigned this year.

Amy stated that the Marketing Committee has not met recently. The group has decided to meet on an *ad hoc* basis.

The members of the Finance Committee are now Nicole, Rick, and Diana. Patti explained that this committee should be an active one, meeting every other month. The committee will also need to be up-to-date on the audit process. The emphasis last year was on financial policy. Budgeting is usually the priority in March and April. There should be a strong relationship among the committee, the chair, and Patti. It was mentioned that we may want to invite non-board members to serve on this committee.

Athena explained that the Executive Committee reviews priorities and sets meeting agendas. She noted that it is the philosophy that the committee not be such a strong, independent committee that makes all decisions—that can lead to an unengaged board. It is the only committee where all members must be board members.

Athena asked that committee chairs bring the completed committee planning forms to the next board meeting.

VII. Break

VIII. Compensation/Structure Discussion

Patti referred to a memo she sent to the board earlier in the week, *Regarding the issue of Unreasonable Compensation*, and provided an overview regarding the compensation of executives and action the board has taken.

- A. We meet Charities Review Council standard.
- B. The board established original compensation based on:
  - i. The organization's strategic plan and structure
  - ii. Job descriptions/responsibilities
  - iii. Salary survey (comprehensive).
- C. Annual performance reviews based on performance/results are completed and salary increases are determined by the board.

IX. Legal Audit Discussion

Athena started the discussion by explaining to the board that the Finance Committee had made a recommendation to the full board that Casa de Esperanza conduct a legal audit. Athena stated that legal audits can be a sensitive topic because they are often used as a tool for a board to find malfeasance. The group discussed the purpose of a legal audit, the reasoning of the Finance Committee, and the spirit in which a legal audit might be conducted.

Patti referred to the memo from Diana Villella, *General Overview of a Legal Audit*, proposing a legal audit and outlining the issues that would be reviewed in the audit. Patti commented that Casa de Esperanza is stronger than most nonprofit organizations in the areas listed.

Patti related that she had talked with Casa de Esperanza's attorney, Ken Levinson from Faegre & Benson. He asked what we would be trying to accomplish in the audit and stressed that it should not be done without good reason. Usually they occur in cases of embezzlement, etc. He noted that sometimes a legal audit can lead to questions from stakeholders and can turn into "fishing" expeditions. They demand a great deal of staff time and must be thought out very well before pursuing. Patti explained that Ken was available by phone during the board meeting, if the board had questions for him.

Athena explained that Diana's memo had been sent to all board members without Amy or Patti's input, so at the last meeting Athena asked Patti to provide information for a board conversation on the topic. Patti distributed a document, *General Areas Reviewed Within the Scope of a Legal Audit*, in response to Diana's proposal. The document addressed the various issues that were included in Diana's memo.

Discussion followed. Nicole asked for updates, perhaps on an annual basis, of any changes or new issues. In response to Rick's inquiry about any areas where Amy and Patti felt they needed more information or resources, Patti responded that:

- A. Faegre & Benson reviews all major contracts, so we do due diligence in that area.
- B. We need more financial and HR capacity but have access to such resources as an HR attorney and an HR consultant.

Athena summarized that the group had been presented with information from Patti on what Casa de Esperanza does in each area that would be covered by a legal audit and that they found the information sufficient.

**Motion not to approve the recommendation of the Finance Committee to pursue a legal audit, made by Rick Johnson and seconded by Nicole McKoin. Motion carried.**

X. CEO/DEER Dashboard Indicators FY2011

Patti walked the board through her indicators. Athena commented that she had too many indicators that were identified as "Priority 1." After some discussion, the priorities were reworked as follows:

*Priority 1*

Increased Fiscal Management Effectiveness

*Priority 2*

Programmatic Benchmarks  
Board Relations

*Priority 3*

Program Revenue  
National Board – Members

*Priority 4*

National Board – Operating Plan  
Increased Human Resource Effectiveness

Rick asked that the minutes show that it was the board's recommendation that "Board Relations" be set as priority 2. Nicole commented that the goal of two check-ins per board member was fine, but she thought a telephone call would be acceptable.

Athena asked how to give Patti feedback in her performance review on recruiting local board members without adding it to the dashboard indicators and making them "reactive." Patti commented that if recruiting local board members is a Board Development Committee priority, it will come up in the review in the area of support for the committee.

Amy presented her dashboard indicators. Discussion followed about priorities, including:

- A. Shouldn't the national work be a lower priority than financial/funding areas? Amy responded that it is through the national work that she will come into contact with substantial donors.
- B. Is it important to separate the targets for each area of fund development or can they be considered together? Isn't it the bottom line that counts?

Amy will rework her dashboard indicators for the board's next meeting.

The board briefly discussed doing something, such as a party, for the staff at the holidays. Athena and Nicole committed to being there. Board members will talk off-line.

The meeting was adjourned at 7:01 pm.