

Citizens Advisory Commission on Community Grants
Meeting Minutes: February 6, 2020
Adopted

Present: Jason Telerski, Jennifer Bishop, Betsy Houde, Beth Todgham, Tricia Casey, Carrie Schena, Lisa Tourangeau

Absent: June Caron

Minutes: Jason Telerski

Meeting called to order: 5:41 pm

Minutes of the January 30, 2020 meeting approved

The Commission reviewed funding requests from the following organizations:

Nashua Association for the Elderly DBA Nashua Senior Activity Center

Nashua Children's Home

Nashua Police Athletic League (PAL)

The Front Door Agency

Nashua Soup Kitchen & Shelter

The next Commission meeting is scheduled for February 13, 2020. Funding requests to be reviewed at that meeting will be:

United Way of Greater Nashua, Nashua Prevention Coalition

The Youth Council

Waypoint

Young Men's Christian Association of Greater Nashua

The Salvation Army

United Way of Greater Nashua/Sinfonietta Strings

Review of Harbor Homes will continue 2/13 with discussion of the additional materials submitted in response to questions from the Commission.

Meeting adjourned: 7:18

Next meeting: February 13, 2020, 5:30 pm

Schena, Carrie

From: Jason Telerski <jasontelerski@gmail.com>
Sent: Wednesday, February 05, 2020 8:29 PM
To: Schena, Carrie; Caron, June; Patricia Casey; Betsy Houde; Beth Quarm Todgham; Jennifer Bishop-Saucier; lisa.tourangeau@yahoo.com
Subject: Fwd: Grant Applications to Citizens Advisory Commission for Community Grants
Attachments: CAC Report - 7-1-19 - 12-31-19.xlsx

CAUTION: This email came from outside of the organization. Do not click links/open attachments if source is unknown.

Here's the response from Harbor Homes to our questions.

----- Forwarded message -----

From: Vanessa Talasazan <v.talasazan@nhpartnership.org>
Date: Wed, Feb 5, 2020 at 11:33 AM
Subject: RE: Grant Applications to Citizens Advisory Commission for Community Grants
To: Jason Telerski <jasontelerski@gmail.com>

Dear Mr. Telerski,

Thank you for your email and the opportunity to apply for CAC funds on behalf of the more than 5,000 Greater Nashua and NH community members that Harbor Homes (HHI) and the agencies of the Partnership for Successful Living (PSL) serve. We are gratified to help realize so much success in our community. Please see our 2019 Annual Report at <http://www.nhpartnership.org/publications/> for a more complete picture of our work and results.

The reallocated CAC funds from last year's grant were just recently officially approved for use by the City of Nashua on November 19, 2019. A YTD financial report on how grant funds have been expended so far is attached (note the three tabs). Funds are being used to partially pay for the expenses of a nurse in our Healthcare for the Homeless clinic. We anticipate the grant funds will be spent in full on or before June 30, 2020 and will provide a final report on this with next year's CAC application, or earlier if requested.

In response to a status update on implementation of specific changes in the Attorney General's CTU Report, regarding Harbor Homes (released 9/13/19), please note that we and our public accounting auditors (Melanson Heath and Company PC) disagree with the majority of the report's findings. Our initial response and supporting documentation can be found at <http://www.nhpartnership.org/blog/ctu-audit/>.

We hope that the CAC reviews our FY19 Consolidated Audited Financials (<http://www.nhpartnership.org/blog/ctu-audit/>), which paint a very different picture than the Attorney General's

report. Our FY19 PSL Consolidated Audit show a \$1,400,871 surplus before depreciation. More so, the State of NH elected to renew all of our contracts through June 30, 2020, and approved new funding as well since the report came out, showing an ongoing willingness to work with us.

Harbor Homes and its affiliates (PSL) now have approximately \$3 million of overall cash on hand, equating to 29.8 days cash on hand. Having 30 days cash on hand is a ratio requirement made by the State of NH of many of its nonprofit contractors, including Harbor Homes and the PSL. We meet or exceed all other state requirements including current ratio (1.83), debt service ratio (3.33), and net assets (0.43). Thus, we are fully in compliance with the financial metrics required within our applicable state contracts.

We have worked to implement several key organizational action items in response to both the Attorney General's CTU Report and our independent consultant's report, which accord with our own 2018 strategic plan. Changes include:

) **Retention of a business consultant to review and make recommendations for specific changes to the management, financial, and operational structure of Harbor Homes**

We hired Mike Ostrowski, an independent business consultant, in summer 2019. He continues to provide consultation to our board and leadership staff, and provided a review of the Attorney General's CTU report, as well as his own assessment of the issues raised within it. **His report can be found towards the end of the CTU Report, at <http://www.nhpartnership.org/blog/ctu-audit/>.** In his report, he addresses the below recommendations made by the CTU. Our Board of Directors adopted his recommendations and, with staff, have been working to accomplish them. Since September, they've had 30+ board, sub-committee and other related meetings since September 2019, and remain exceptionally dedicated to the mission of our organizations.

) **Simplification of the Harbor Homes corporate structure**

Already in the works for several years through the shared collective name and brand of Partnership for Successful Living (PSL), and outlined in our 2018 Board-created Strategic Plan, Harbor Homes and its affiliates continue to integrate and collaborate, with an eye towards consolidation and efficiencies. As of today, we've merged our mental health counseling agency's services (Milford Regional Counseling Services, previously operated in Milford, NH) with Harbor Homes' Federally Qualified Health Center, and we no longer operate Welcoming Light as a public-facing company providing training services. Future plans include consolidating the services of Keystone Hall, Harbor Homes, and the Southern NH HIV/AIDS Task Force through Harbor Homes' Federally Qualified Health Center, which will strengthen the level of integrated care offered to the community, increase operating efficiencies, better meet community need, and facilitate access to services for all clients.

-) Reorganization of the financial structure by centralizing accounting databases, creating agreements for sharing of services, adopting proper procedures for intercompany and inter-program transactions, and procuring the right financial management.**
-) Retention of financial staff able to manage the budgeting, spending and reporting of finances**
-) Creation of systems for accurate and consistent financial reporting to board of directors and DHHS**

Harbor Homes believes its financial systems are and were of high quality with no material weaknesses over the past 10 years, but acknowledge that we can be confusing at times to an outsider not familiar with our corporate structure, and especially those who are not CPAs. With this in mind, HHI's Board of Director's Finance Committee worked with our financial staff to develop a more simplified reporting structure to ensure that the financial reports provided to the board and funders such as the State of NH were presented in the same format. The Treasurer of the Board presents the financial reports to his fellow board members, and these reports are sent in identical format to the State of NH the day after the Board approves them. All financial reports continue to be uploaded and stored on a secure server, available to the full Board of Directors in detail to ensure good financial stewardship.

Harbor Homes/PSL added the positions of a Controller (also a CPA), a Chief Revenue Officer, a Financial Specialist, and a Billing Manager. The agency is also recruiting for a replacement of its retiring CFO with a goal of hire in March 2020. These staff join an existing team of 22 accounting and billing professionals. Beyond this, a new Chief Operating Officer is also joining our staff, with a start date of February 24; and we are consolidating our financial staff and their functions throughout affiliated entities to all be co-located at our main headquarters, with consistent policies and processes in place across affiliates.

HHI was also invited by NH Charitable Foundation to participate in the (national) Heron Foundation's new project to strengthen the financial expertise of nonprofit agencies serving substance use disorder clientele. Through this project, a series of national level consultants will provide staff and Board education tailored to their needs, on site consultation and access to national experts over an 18 month period, which began last month in earnest.

-) Evaluation of all programs with the possible termination of programs that have operating losses**

As outlined in Michael Ostrowski's Report, Harbor Homes and its affiliates (PSL) constantly evaluate program sustainability and outcomes. Prior to the CTU report being issued, the agencies eliminated or consolidated 10 programs due to changing community need, a lack of sustainable funding to support the program, or simply because a program had an end date. Since September, we've made the difficult decision to close our emergency shelter, due to inadequate funding in relation to operating costs. We also sold the shelter's facility, adding more than \$900,000 to our surplus cash reserves.

The closure of programs is in line with our organization’s trajectory to focus on the needs of the chronically homeless and more complex homeless populations through development and delivery of permanent supportive housing, following the evidence-based practice known as “Housing First.” We are pleased to report that thanks largely to our efforts with these harder-to-serve homeless populations, Nashua is one of a small number of cities nationwide that is approaching an effective end to chronic homelessness, with just a handful of folks identifying in shelters and transitional housing, or on the streets, as “chronically homeless.”

We have also bolstered existing programs to align with this goal. We recently received 84 new permanent housing vouchers through two competitive HUD grants to assist these individuals in Greater Nashua to access and maintain a permanent home. To our knowledge, no other organization in the region is focusing on permanent supportive housing to address the hardest-to-serve homeless populations, but several others do continue to do the good work of providing emergency shelter or the work of other closed programs. We work closely with these entities to identify chronically homeless community members and quickly move them into permanent housing, freeing up much-needed community resources in the process.

) Improvements in liquidity through annual and endowment fundraising

Harbor Homes recruited for and recently hired a new Director of Development with extensive experience in major gifts, annual and endowment fundraising. He starts in March, and we firmly believe that he will help bring our individual giving efforts to a new level. Harbor Homes and the PSL are very successful in grant funding, with more than \$200 million in grants achieved since 1982, and an average of \$20 million in grants raised annually. Individual giving is an area we can only grow in, and we look forward to a renewed effort in this area. Despite this, we are pleased to report non-grant fundraising of \$394,580 in CY2019 – a tough year to be sure, given the media attention around the Attorney General’s report.

) Improvements in liquidity through adoption of operational efficiencies as recommended in Mr. Gilbert’s report.

Michael Ostrowski’s report (referenced and linked to above) addresses Mr. Gilbert’s (a consultant hired by the State of NH) recommendations. Capital financing of nonprofit housing is a specialized knowledge area, and not easily understood by those not working within this field regularly. Of note, Mr. Gilbert’s misunderstanding of how deferred mortgages work is outlined in our consultant’s response. Much of the other recommendations made by Mr. Gilbert echo our Board’s strategic plan, put into effect in July 2018, as well as good business practice, which we believe we follow and have followed for decades.

) Evaluation of properties for possible sale or lease as suggested in Mr. Gilbert’s report

Harbor Homes sold three of its properties, with net proceeds of \$1,166,420,29, being held in an account separate from operations to ensure we maintain adequate cash-on-hand to meet contract requirements. We have leased space in our 77 Northeastern Blvd location as well, securing two new tenants.

) **Commitment to compliance with all contractual performance requirements**

Harbor Homes takes great pride in its performance metrics and outcomes related to our services. Despite the NH Attorney General's CTU report, many other funders have commended the organization on its good work and exemplary outcomes. Thanks to our programs and services, we effectively ended veteran homelessness, homelessness among people with HIV/ AIDS, and are on track to end chronic homelessness, in Nashua. Additionally, we are the key partner with the City in the operation of its Safe Stations program, **resulting in an overdose rate decline of 26.6% and an overdose death rate decline of 22.7%, since 2016** (Source: AMR Nashua Suspected Opioid Overdose and Safe Station Report 01-30-2020)

We have a Compliance Department led by an attorney with more than 15 years' experience in nonprofit compliance who, together with a team of staff and board, carefully track and monitor program and financial metrics across our services. Additional details can be found in Mr. Ostrowski's report on pages 7 and 8.

) **Continued commitment to timely and accurate billing for Medicaid services**

We had two surprise audits by Medicaid prior to the AG report being issued, and passed each visit with flying colors. Additionally, our Compliance Officer randomly audits our Medicaid billing on a quarterly basis, and presents his findings to the Board of Directors. Again, no issues of concern have been raised.

In closing, thank you and the CAC for the opportunity to present an update on our organization. We continue to work hard to achieve our respective missions and serve the most vulnerable in our community. City of Nashua funding helps make this possible. Please let me know if you have any additional questions or concerns.

Sincerely,

Vanessa Talasazan

Chief Strategy Officer and Chief of Staff

Harbor Homes, Inc. and the Partnership for Successful Living Affiliates

New Office Headquarters: 77 Northeastern Blvd, Nashua, NH, 03062

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From: Jason Telerski <jasontelerski@gmail.com>

Sent: Wednesday, January 15, 2020 7:42 AM

To: Vanessa Talasazan <v.talasazan@nhpartnership.org>

Subject: [EXTERNAL]Grant Applications to Citizens Advisory Commission for Community Grants

[EXTERNAL]

Ms. Talasazan

Thank you for submitting applications to the Citizens Advisory Commission for Community Grants for three Partnership for Successful Living agencies. We appreciate all of the work that your organization does every day for the most vulnerable members of our community.

In support of this year's applications for Harbor Care Health and Wellness Center, Residential Services of Keystone Hall, and the Southern NH HIV/AIDS Taskforce we would like to request additional information from your organization about the progress you are making to address the deficiencies noted by the AG Charitable Trusts Unit report and additional details for a mid-year report on how CAC funds have been spent fiscal year to date. Specifically:

*A current status update on implementing the specific changes recommended in the Attorney General's Charitable Trusts Unit Report Regarding Harbor Homes, September 13, 2019

*Description of how the funds reallocated to the Health and Wellness Center from last year's grant to the Peggy and David Gilmour Medical Respite Center have been spent.

Please respond by Wednesday, February 5th, so that we may include this information in our review of these applications.

Regards,

Jason Telerski

Chair, Citizens Advisory Commission for Community Grants

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