

The Interfaith Nutrition Network
Board of Directors Meeting Minutes
May 19, 2017

Board of Directors Attendees

Peter Curry
Vince Vitiello
Rob Kammerer
Michael Monahan
Maureen Nappi
Thomas Scaturro
Vicki Ferrara
Joe Mancino
Jason Kurland
Chris Becker
Rich Humann
Colleen O’Neill

INN Staff

Jean Kelly
Joanne Robinson
Michelle Singh (partial)

Guest

David Goldstein, Esq. (partial)

On the Phone

Doug O’Neill
Walter Reese
Felicia Tucker
Phil Andrews

Meeting called to order 8:11am

Opening Reflection by Joe Mancino

Approval of March 17, 2017 Minutes

Finance Committee

Mike Monahan indicated the 2016 audit was successfully completed with all management letter comments addressed. Also, the form 990 was circulated to the board, comments were incorporated, and it was filed on time.

Jean Gribbins resigned which is the third resignation in recent history. Outsourcing the role was recommended. The team identified 4 firms that do accounting and one that specialized in not for profit specifically. There was positive feedback on the proposal given it provides the right support, expertise, and accounting guidance to staff (Shahnur). It is a good opportunity to improve the overall knowledge and experience brought to the table. In addition, the outsourcing should reduce the noise around organizational drama. The selected firm can assist with preparation so the auditors receive a clean package. It is also very cost effective financially – year one cost is only 50% of the fully loaded in house finance director role. References were secured for the preferred firm which serves hundreds of

organizations in NY. There is a proposed engagement letter under review. Chris Becker concurred the firm is impressive. Also while Chris expressed concern their time with the INN might be limited, he still supported the overall proposal. Mike Monahan pointed out there is no long term commitment. The proposed contract is only one year but the INN can cancel unilaterally without cause at any time.

Maureen Nappi questioned that Shahnur is getting increases to compensate for his efforts stepping up. The team agreed he is, and is doing a superb job so retention and recognition are important.

There is also an RFP for the audit circulating. The current provider can re-propose. Expected that 5 or 6 firms will bid. Big 4 firms are too expensive and typically will not do pro bono audits. The RFP will go out next week. Budget next year will be increased because former provider was doing the work as a service to the community at below market rates.

Finance report highlights included a discussion regarding cash. There was an increase with the sale of the houses. The team will look to get higher interest rates and opportunities to consolidate accounts (fewer accounts preferred to reduce errors in tracking). Unrestricted cash balance shows the months of operational cash on hand. May is peak cash time. The team has demonstrated good management of costs to maintain cash balances. There were no other major changes on the balance sheet amounts. Building improvement and equipment are now being capitalized mid-year and end of year. \$146K in other soup kitchen payable is a grant that gets redistributed to other soup kitchens. A/R is holding its own even with challenges with Nassau County DSS collections. Aging is steady. No major collection challenges overall.

P&L is holding its own. Need to roll in the INNkeepers' ball impact. No new expenses that are major. Budget to actual explains the items. Some new expenses have donation specific funds to cover. Unusual items like bed bugs, cameras, chairs, are addressed as required but donations have covered these.

Peter Curry asked about restricted cash. Mike Monahan explained the presentation of the categories was modified which explains most of the difference. Nonetheless, cash is somewhat lower than in prior years.

DSS occupancy reports were included in the package. Filling the beds for DSS is on track. There has been lost bed space due to square footage constraints under DSS rules. State and local governments are being very rigid about compliance. Maureen Nappi asked if that can be appealed. Joanne Robinson responded that the solution is larger shelters. In the interim, there are no more non-DSS beds. Approach is to use the funds from Bethpage to put people in hotels temporarily for emergency situations.

Maureen Nappi asked about the receivables being written off. Jean Kelly responded that will be done when the INNkeepers' Ball money is included, so we'll wait for the May report. All aging A/R is being actively reviewed for collectability. Challenges with "be an angel" program is that donors want to pay when they come in to serve and then they don't get around to coming in. Most uncollectable amounts relate to that issue, not people who say they want to buy and then can't afford. With this ball, the highest amount of cash was collected before the ball than in prior years.

The FY 6/30/18 budget was presented. Team met with all the directors, reviewed LY budget, March YTD, and estimated final 3 months. Budget to actual through 3/31/17 and forecast to 6/30/17 was

included. Columns compare the budgets. Mike Monahan indicated the team undertakes a very thorough budgeting process. Budgeted revenues were not impacted for development committee aspirations. Instead, a more realistic budget was prepared based on expected 2018 activity. Certain categories of revenue are variable and difficult to predict with accuracy. Expected decrease in rental income due to sale of houses. Offsetting decrease in expenditure for that also.

Salaries are the largest expenditures. No COLA but 2% bonus as of 1/1/18 expected across the board for all. Nassau county contracts adjustments were built in. FD salary was removed and replaced with the consultant fee. Some reduction in employment (2 resignations in last month in facilities and donations pick up) will not be replaced.

In other expenditures, security is slightly up for things like new cameras. There are decreases on LT housing relating to reduced repairs and maintenance. Plusses and minuses on various line items. Legal fees expecting significant decrease since legal matters behind the INN. One open legal matter is the use of David Goldstein to help with soup kitchen matter. New Ground has only 4 months in next year so the expense is reduced. \$90K on management consultants has cushion. IT updates are required and included. Looking at payroll cost effectiveness now. If keep PayPro, modernization and upgrades are required.

Overall, the budget balances and the stretch development goals not included so they would be upside, which would provide for much needed salary increases.

Budget was approved by the Board.

Sale of Houses

Joanne Robinson referred the board members to the Operations Summary Report which contains a Property Report re: Sale of Houses in the Long Term Housing (LTH) Program. She reviewed the proceedings of the September, 2017 board meeting where there was unanimous vote to alter the LTH program to 10 units and have the program managed by INN staff, as reflected in the minutes.

She reported that one of the 6 properties to be sold went to closing on 3/30/17, one is pending/ready to close (the Attorney Street property) and one is in the contract negotiation process for a potential sale to New Ground. In order for the Attorney Street property to close, a Board Resolution is required which authorizes the sale of the property to the buyers at a selling price of \$330,000 and authorizes Joanne Robinson and/or Christian Aguilera to represent the organization at the closing. There was a motion to accept which was seconded and unanimously approved.

Network Soup Kitchen Relationship update

There are four soup kitchens separating. Michelle Singh indicated those four do not want to hand over control of finances and donor databases. Peter Curry reminded the board that the current model is not sustainable. David Goldstein was invited to provide legal advice of future model options, subject to agreement from the kitchens. David Goldstein worked extensively with the staff in developing the options. One choice is absorbing the kitchens more completely into the INN so the finances and databases are controlled by the INN. This requires INN resources and willingness of kitchens to give up independence. One alternative model is affiliate model. Under this model, each soup kitchen

separately incorporates and becomes a 501c3 in its own right. This alleviates the most significant issue currently (i.e., that the soup kitchens are part of INN but financial controls required by The INN are challenged by individual kitchens' volunteer leadership). The affiliate model alleviates this issue because each soup kitchen is responsible for their own finances, have their own boards, their own 501c3 status, etc. Another potential model is the trade association where each kitchen is a 501c3 and part of a trade association where they get support and can pool information. This option results in even more separation than affiliation because there is no INN control.

Kitchens must agree to any changes, and they often have differing views. Jean Kelly indicated the team hasn't met with them about this issue for a year. So for the 9 remaining kitchens, there is a desire to speak with them to inform of the status. Michelle Singh and Jean Kelly think any option which requires handing over control of finances and donor information would be rejected because it was suggested last year and they did not sign up for it. The soup kitchens view themselves as independent because they raise their own money. Their donors typically want the money invested in that community. For example, when the INN gets some donations they specifically refer to a certain location. The current model has been in place for 34 years.

Peter Curry offered that the key question for the soup kitchens is whether they want to remain connected. Rich Humann asked what the soup kitchens' perception of the benefit of being affiliated is once they have to independently address 501c3 status. According to Jean Kelly, the 4 that left did not perceive a benefit once they understood they needed to hand over control of finances and the donor database or obtain independent 501c3 status. The INN standards are higher than the local kitchens in terms of treatment of guests, training, etc. which was another burden they may have been looking to avoid. The soup kitchens are of the view they help fundraise for the INN and yet that the INN does not reciprocate with enough. The soup kitchens are mainly interested in the 501c3 status. At the sites the INN is not designated on any signage.

A question was asked about the impact if the soup kitchens pull out in terms of marketing, branding, numbers, etc. Jean Kelly's proposed statement was reviewed. (See page 7 "Soup Kitchens".) Vince Vitiello commented that management is recommending conservative approach to mitigate risk and that for liability purposes the board should not propose anything more aggressive. Mike Monahan suggested the change doesn't impact the numbers materially. The impact appeared mostly on branding, for example, the big map of LI with the visual of where the kitchens are. Michelle Singh pointed out that the 4 that are separating continue to serve the communities they operate because of the INN, which helped set them up from the start.

The trade association might provide soup kitchens the benefit of advice and best practices, but yet limits the INN's liability.

Joe Mancino pointed out that historically the soup kitchens wanted to share in the Innkeepers' Ball collections. He anticipated the soup kitchens will ultimately separate when presented with the options. He queried whether new soup kitchens should be opened. Jean Kelly noted there has been recently pushback on soup kitchens in communities and more acceptance of food pantries. Thus, the INN has been working with local interfaith teams to review how food insecure people on Long Island obtain access to food within their communities. If the soup kitchens were to secure separate 501c3 status but still use the INN name then although the financial liability is mitigated there is still the reputational risk if anything happens at these kitchens. This is why Jean Kelly proposes the trade association. While the

INN brand would help the soup kitchen fundraising, under the trade association option it would not be available.

Michelle Singh anticipated the soup kitchens would all be willing to secure their own 501c3 status. Only Patchogue and Middle Island might consider remaining with the INN to get financial support. Jean Kelly pointed out that each should be operating financially independently in any event. Historically, the INN did not appreciate the downside consequences of the initial offering The INN's 501c3 status to them without understanding the future ramifications. Rob Kammerer asked if there was a way to manage the reputational risk. Michelle Singh responded that would require the INN staff embedded at each location. For example, Michelle suspects volunteers only wear hairnets when they know The INN is visiting. This also extends to how the soup kitchens treat the guests, how they address the finances (e.g., taking cash home), etc. If an INN staff member is not there to advise in the moment, then bad habits return.

Concern was expressed that the affiliated model brings too much liability on reputational risk. Also, 200 other soup kitchens on Long Island might want to become part of the trade association (there were only 14 affiliated with the INN previously). Rob Kammerer asked what the INN would offer under the trade association. Jean Kelly suggested oversight, expertise, trouble shooting, helping raise money, what materials look like, and where to find corporate donors. Joanne Robinson suggested a potential website where all kitchens could be listed, as well as conferences and trainings. Michelle Singh suggested offering resources on how to stay compliant. Joe Mancino reminded that when other soup kitchens came to board meetings it was only disruptive.

Maureen Nappi has strong feelings, assessed through the lens of heart v. head. The thirty year network of multiple soup kitchens helps the brand and gives a sense of pride. There have never been any reputational issues over the years (no bad press although possible that issues may have occurred that did not come to the surface). While Maureen logically accepts the reputational risk, doing this separates the INN from the soup kitchen business other than MBI fundamentally.

Rich Humann suggested any trade association requires strong membership and involvement from many kitchens. The INN can take a leadership role and offer training, possibly procurement savings, etc. The INN can provide a service with island wide benefit with all the soup kitchens. Peter Curry reminded that we must consider issues surrounding new model as a trade association. Mike Monahan suggests a phased approach addressing the 9 kitchens first and then the remaining 200. Joe Mancino requested the trade association costs be considered.

Peter Curry suggested there are more costs if the kitchens come fully on board not otherwise in the budget, but Michelle Singh suggested that is unlikely to happen because they are anticipated to reject it. So it is anticipated the soup kitchens will obtain separate 501c3 status.

LI Cares and Island Harvest control the other 200 soup kitchens. In those cases, the soup kitchens have their own 501c3 status and financial independence. However, they may refer to being a member of LI Cares so query whether there is still reputational risks for LI Cares or Island Harvest. Also need to be mindful with the trade association approach because the INN prefers to avoid conflict with other great service organizations on Long Island.

Joe Mancino asked what exactly a trade association means financially – who will pay or run it? In his tenure on the board, the issues with the soup kitchens have revolved around money. He also asked whether the INN will allow the soup kitchens back in fully into the fold. Once the soup kitchens have to do the Form 990 they will back asking to become full members. This requires placing INN staff to help on site and also with the bookkeeping so the soup kitchens will have to provide funding to the INN.

Felicia Tucker commented she sees the financial and reputational risks, and understands the challenge. Walter Reese recommended determining with more detail what a trade association requires.

If the soup kitchens disaffiliate, Michelle Singh can work at the MBI, get involved in special projects, and work with the other interfaith groups.

Motion was approved to authorize management to have a meeting with soup kitchens and offer them to select one of two options: (1) they come fully into the fold (hand over control of the finances and donor database, and agree to work out the added expenses for the INN's efforts) – or – (2) they must secure independent 501c3 status, they cannot use the INN name, and offer advice at no cost.

Development Committee

Rob Kammerer provided a brief summary. As of yesterday, \$1.474M was pledge for the INNkeepers' Ball. Frank Barker was an incredible honoree.

Vince Vitiello updated the board on the April 21 development meeting to progress the strategy. Each strategy was assigned a board member to execute. One concern is it has been one month since the meeting and things have not happened as quickly as desired. Dorian has been charged with leading the initiative. The plan takes a lot of commitment to execute. Strategic Development Plan was to bring in 10% more than last year on certain contribution line items, so approximately \$300K more per year.

There is a critical need to increase fundraising so can provide raises. There are spot bonus but these are not as good for retention. Also need to focus on alternatives to the Ball to ensure consistent and sufficient funding.

Dorian proposed a FEED the NEED digital fundraising program for the summer with a goal to raise \$100K. The young professionals group will get involved.

Sept 18 is the golf outing at Mill River. Walter Reese is on the committee. Mike Watson has joined Eric Kramer as Co-Chair. Mike will be great addition. Honoree is Jeff Plotka, a small business owner who knows he has big shoes to fill.

INN luncheon is on Oct 20 with honoree, Laureen Harris.

Closing Reflection-----Rich Humann

Meeting adjourned at 10:09 AM.

Submitted by

Colleen O'Neill

Addendum: See attachment "Soup Kitchens"

ADDENDUM

Soup Kitchens

The INN operates the Mary Brennan INN in Hempstead, the largest soup kitchen on Long Island where on Monday through Friday, 1300 hot, nutritious meals are served and 150 people take hot showers every week. There is a guest choice pantry for free non-perishable food that is available to the guests for weekend needs. Approximately 62,412 meals are served annually. The soup kitchen is staffed mainly by 100 volunteers of all ages, creeds and backgrounds in addition to a team of 6 trained professionals. There are no questions asked of anyone in need and everyone is referred to as a guest and treated with dignity and respect.

In addition to the Mary Brennan INN, for more than thirty years, The INN also provided support and assistance to over 25 individual community soup kitchen efforts who have provided over 300,000 meals annually across Long Island. Utilizing The INN's guidance and support, these individual community soup kitchens are now operating independently and have become their own not-for-profit organizations, thanks to the years of support from their local communities and The INN. The INN hopes to offer on-going support and guidance to these soup kitchens through an INN Association.

The INN is also now working with the Long Island Council of Churches, the Islamic Center of Long Island and the Long Island Muslim Society to create stronger interfaith clergy councils in other communities on Long Island. We are once again guiding people of all faiths to join forces to meet the needs of their neighbors who are hungry in their local areas. The ultimate goal is that everyone in need of food here on Long Island will know where to access free, adequate nutrition for themselves and their families regardless of where they live and their religious background. It is also hoped in this time of national divisiveness that the opportunity for people of all faiths to once again know each other personally through their community feeding efforts will eliminate the fear and misunderstanding which requires knowledge and unconditional love to combat. The INN's history and success is a testimony to the potential for communities to come together and get to know each other, regardless of which side of the counter they stand.