



**Marion-Polk Food Share
Board Meeting Packet**

February 25, 2016
8:00 – 9:30 am

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AGENDA

Board of Directors Meeting
Thursday, February 25, 2016

8:00 – 8:15	Light Breakfast
8:15 – 8:20	Call to Order – Alex Beamer Guest Introductions – Rick Gaupo
8:20 – 8:30	Mission Moment – Courtney Knox Busch
8:30 – 8:35	Finance Update – Jim Green Update on Food Share financial status
8:35 – 8:40	Consent Agenda – Alex Beamer 1. Board Meeting Minutes, January 28, 2016 2. Financial Statements ending January 31, 2016
8:40 – 8:45	Executive Committee Update – Alex Beamer Review of CEO Performance & Compensation Recommendation - Process & Timeline
8:45 – 8:55	Better Burger Program Changes – Alex Beamer Discussion of staff recommendation
8:55 – 9:30	Revenue Update – Holly Larson, Julie Hambuchen Review of first 6 months of FY 2015-16 - Program Revenue and Interest update - Development update
9:30	Adjournment – Alex Beamer

Action:
Board Vote



Dear Board Members,

By now you all know that the Food Share was named a 25% beneficiary of a ~\$4,200,000 estate. This is amazing! I'm so grateful for the community support the Food Share receives for our work. (We must remember that this is an endowed gift and what the Food Share receives annually is a distribution of the earnings from this gift. In the long run, these distributions will be of far greater value than a one-time gift, but that is a 20+ year perspective.)

In this packet is also Ian's note about the contract changes with Confederated Tribes of Grand Ronde. (Spoiler alert –it's good news.)

The estate gift and the CTGR contract are two different sources of revenue. The first is donated revenue and the second is program revenue.

At this Board meeting, we will focus most of our conversation on the financial health of the organization and a review of the first 6 months of this fiscal year. Julie and Holly will be reporting and leading a discussion on the Food Share's three revenue sources – donations, program revenue, and interest.

The goal of this conversation is to both educate the Board and to get board members' perspective on strategies to grow both program and donated revenue.

I look forward to our next Board meeting.

Sincerely,

A handwritten signature in blue ink that reads "Rick Gaupo". The signature is written in a cursive, flowing style.

Rick Gaupo, CEO

To: Board of Directors

From: Rick Gaupo

Date: January 28, 2016

Subject: Better Burger Program Changes

The Better Burger project attempted to combine three desirable outcomes into one project:

- 1) Provide a high-protein meal supplement to hungry families,
- 2) Provide a vocational training experience for at-risk youth, and
- 3) Generate revenue for the Food Share.

The backbone of this project was the partnership formed between Marion-Polk Food Share and Oregon Youth Authority. When this partnership dissolved in October 2014, Marion-Polk Food Share staff looked for new partners and created a revised execution plan.

We moved burger production into our own community kitchen. We partnered with Incite for youth recruitment and found a purchasing partner with Department of Corrections. The problem, however, is that this project was intended for scale, meaning the bigger the better.

The program we created is a niche program. We knew this we when redesigned the program and moved production in-house. This decision gave us time to figure out if there was another means for bringing the project to scale.

In truth, however, the plan has not lived up to the original goals, and at this point in time in the project we want to wind down our burger production. This decision is primarily based on two factors:

1. We have no viable partners at this time to help bring this project to scale, and
2. We want to focus kitchen facilities and staff on supporting the Meals on Wheels program and have the capacity for growth of that program.



Date: February 17, 2016

To: Marion-Polk Food Share Board of Directors

From: Ian Dixon-McDonald

Re: CTGR Contract to Provide Pantry Management Services

I am excited to announce that the Confederated Tribes of Grand Ronde (CTGR) has renewed our contract to oversee operations of Iskam Mək^hMək-Haws, the food pantry serving the Grande Ronde area. There are 3 important changes to the contract.

- 1) CTGR accepted our proposal to increase the contract amount. In the initial, 2015 agreement CTGR compensated the Food Share \$71,125 for services provided. Under the new agreement, **CTGR will compensate the Food Share \$111,975.60 annually for services.**
- 2) The new current contract has a 2 year term, expiring Dec. 2017, as opposed to a 1 year term.
- 3) The current contract includes a commitment to working on larger food access issues in Grand Ronde, not just managing the food pantry. MPFS will commit resources to partnership-based projects that bring healthy, affordable food to Grand Ronde on a consistent basis. Potential projects include improving healthy options at corner stores or bringing a mobile retail-produce market to Grand Ronde.

Staff at the Food Share are very happy about these changes. We must credit Francene Ambrose, our Grand Ronde Pantry Coordinator, and other Food Share staff for their great work that led CTGR to accept the contract increase and 2 year extension. There may be an opportunity for future agreements to have an even longer term.

From the beginning of our relationship with CTGR, we have been interested in doing work beyond food box distribution to serve the community. We now have CTGR providing additional resources that allow us to do this work, and a great foundation in the community to find the right food access-related project(s).

Additionally, we have seen impressive increases in service numbers in Grand Ronde. Previous to our management of the pantry, 80-100 food boxes were being distributed monthly in Grand Ronde. Currently, we are distributing upwards of 400 food boxes per month, which serve over 1,000 individuals. We now know that the previous pantry was not meeting local needs, and we are closer to meeting the emergency food needs of the community.

I am happy to answer any additional questions the Board may have.



Marion-Polk Food Share
Board of Directors Meeting Minutes
Thursday, January 28, 2016

Board Members Attending: Alex Beamer, Cheryl Wells, Jim Green, John Burt, Courtney Knox Busch, Eileen Zielinski, Warren Bednarz, Dick Yates, George Happ, Esther Puentes

Staff Members Attending: Rick Gaupo, Julie Hambuchen, Holly Larson, Rebecca Long, Eileen DiCicco, Corrina Hawkins, Ian Dixon-McDonald, Abisha Dunivin

Call to Order:

Alex Beamer called the meeting to order at 8:18 a.m.

Finance Update:

Jim Green and Holly Larson reported on the January Finance Committee meeting, referring the board to meeting notes. Jim shared some items impacting numbers: the revaluation of food and increases in program costs and revenue at Meals on Wheels and Iskam Mək^hMək-Haws, for example. Jim further referred the board to the financials in the board packet for a deeper view.

Consent Agenda:

Alex Beamer presented the following consent agenda items:

1. December 2015 board meeting minutes
2. MPFS financial statements ending December 31, 2015

George Happ motioned to approve all consent agenda items, Warren Bednarz seconded, and the motion was unanimously moved.

Executive Committee Update:

Alex Beamer shared the status of the Executive Committee's focus on strategic planning. **Alex** reviewed the one-year timeline and planning teams document to update the board on the strategic planning process.

The strategic plan will be developed by meeting with stakeholders, including the board, leadership team, staff members, partner agencies, clients, representatives from communities served, government officials and staff, poverty related organizations, and churches. A consultant hired by the advisory board will help to define this process.

There will be a coordinating team consisting of **Rick Gaupo, Alex Beamer, Cheryl Wells, and Ian Dixon-McDonald** which will own the process and see that it stays on track, with guidance throughout.

The process will result in a 10-year vision as well as a 4-year plan with clear objectives and goals. Annual work plans will be developed from the 4-year plan, beginning with the annual work plan for fiscal year 2017-18. **Rick** added that the strategic planning process offers the Food Share the opportunity to ask how big and bold we want to be, to achieve a balance between providing emergency food and other innovative community offerings.

Rick next gave an update on the employee compensation project. **Alex** introduced the topic by sharing his perspective that the board's role in employee compensation planning is to give wise counsel and understand budgetary impacts, while the CEO's role is to shepherd the process and make decisions regarding compensation. **Rick** shared that information received from the salary survey will be used to develop a recruitment and retention strategy as well as guide compensation decisions.

Rick outlined two questions he asked the Executive Committee in advancing this project. First, he sought clarity in obtaining comparable data from our consultant, the MBL Group. Most organizations use budget size to make comparisons. The Food Share's budget is not straightforward because it includes cash as well as food and in-kind gifts, and because the size and complexity of the Food Share differs from other organizations with a similar budget. The Executive Committee advised that both cash and the value of food be included in obtaining budget comparisons. The Board agreed with this approach.

The second question **Rick** asked was about pay-range strategy. The Executive Committee advised that the Food Share pursue the strategy of being "above average" in the 60th to 80th percentile of wages with a general target of salaries at the 70th percentile. Several board members echoed support for this plan. **Rick** added that it will take multiple years for the Food Share to realize this goal. Individual performance and value added will be considered as adjustments above and below the target.

Programs Changes:

Rick presented proposed changes to three programs: Spring Break Lunch, production farming, and Better Burger.

Rick explained that during the many years since Spring Break Lunch was started, support by Salem-Keizer Education Foundation and other groups has increased. School districts are taking a larger role. **Ian Dixon-McDonald** explained that the result is the opportunity for the Food Share to reduce site coordination and to increase support in food and support of smaller, rural communities that need it. **Ian** added that Spring Break Lunch 2016 will remain as it has been; in 2017, we will pull back from some Salem sites, provide food to whoever wants it, and support rural communities by working with them to meet their local needs, and identify organizations that can fill gaps.

Abisha Dunivin added that Spring Break Lunch will still meet needs, but differently. **Rick** emphasized that any whole program revision would come through the strategic planning process. **Cheryl Wells** raised a larger question strategic planning can explore: how we roll out services to children to meet the huge challenge of childhood hunger.

The Board supported this new direction of Spring Break Lunch.

The next program change discussed was production farming. **Rick** explained that, again, changes have impacted this program: by partnering with Farmers Ending Hunger and Salem Harvest, we now receive a large quantity of food by donation rather than needing to expend the resources to grow it ourselves.

Rick shared that we have an opportunity to sublease most of the acreage to a grass seed farmer. A discussion followed regarding the merits and drawbacks of pursuing this possibility. **John Burt** contributed information about current grass seed production practices. The Board supported staff's recommendations regarding the use of production farming land.

Due to lack of time, proposed changes to the Better Burger program will be explored in board committee meetings and revisited at the February board meeting.

Adjournment:

Alex Beamer adjourned the meeting at 9:35 a.m.

Rebecca Long
Executive Assistant

Esther Puentes
Board Secretary



MEMO

Date: February 16, 2016

To: Marion-Polk Food Share Board of Directors

From: Holly Larson

Re: January 2016 Financials

STATEMENT OF FINANCIAL POSITION – YEAR-TO-DATE:

CASH – Total liquid cash & cash equivalents have decreased almost \$234,000 in the last 12 months. This decrease in cash is primarily due to increases in accounts receivable of \$157,000, offset by net surplus of \$125,000 for the 12 month period, resulting in cash provided by operating activities of less than nearly \$30,000. Cash provided by investing (capital) activities (capital expenses and adding back depreciation expenses) had decreased cash by nearly \$164,000 due to Capital purchases, and offset by depreciation expense. Cash used by financing activities (funds that remained in investment accounts, but are captured in revenue) was over \$40,000 (see Statement of Cash Flows).

TOTAL ASSETS – have decreased nearly \$612,000 in the past 12 months. Inventory and cash have both decreased over the last year, while investments and other assets have increased.

LIABILITIES -- total liabilities have remained flat over the 12 month period.

NET ASSETS – have decreased by nearly \$612,000 primarily due to the change in inventory valuation and increase in temporary restricted net assets.

CURRENT ACTIVITY – STATEMENT OF ACTIVITIES YEAR TO DATE:

OPERATING:

OPERATING REVENUE – Operating revenue was about \$98,000 less than budget.

- **Donations** in total are on budget.
- **Program service revenue** is \$24,000 less than budget. This is mostly due to a decrease in the amount of vocational training reimbursement contracts in effect this fiscal year, compared to budget.
- **Interest and investments** are \$74,000 less than budget. This has been a difficult investment year, performance-wise, but these budget numbers also reflect the estimated 4th quarter 2015 results from OCF, which have not yet been received. The actual totals will be updated to reflect the current balances when received.

OPERATING EXPENSE – Operating expenses were \$123,000 less than budget .

- Salaries and Related expenses were \$48,000 less than budget YTD.

- Food purchase is down due to timing of purchases, but will end on budget at the end of the fiscal year.
- Occupancy expenses were nearly \$12,000 over budget year-to date. Offsite food storage is up due to higher volumes of frozen donations than anticipated. Building repair and telephone expense are also high. Computer software is below budget due to a purchase of software that was include in operating budget but meets the capitalization threshold. This is included in fixed assets.

OPERATING NET SURPLUS/(DEFICIT)- Net operating activity was a deficit of over \$82,000 year-to-date, compared to a budget deficit of \$108,000.

CAPITAL:

CAPITAL REVENUE – Capital revenue was over \$60,000 less than budget. This is mainly due to timing of the warehouse improvement project.

CAPITAL EXPENSE – Capital expenses were comprised of depreciation, and was on budget. Depreciation has not been finalized for fiscal year end 2016 and numbers shown include estimates.

CAPITAL NET SURPLUS/(DEFICIT)- Net capital activity was a deficit of \$35,000 year-to-date.

ENDOWMENT:

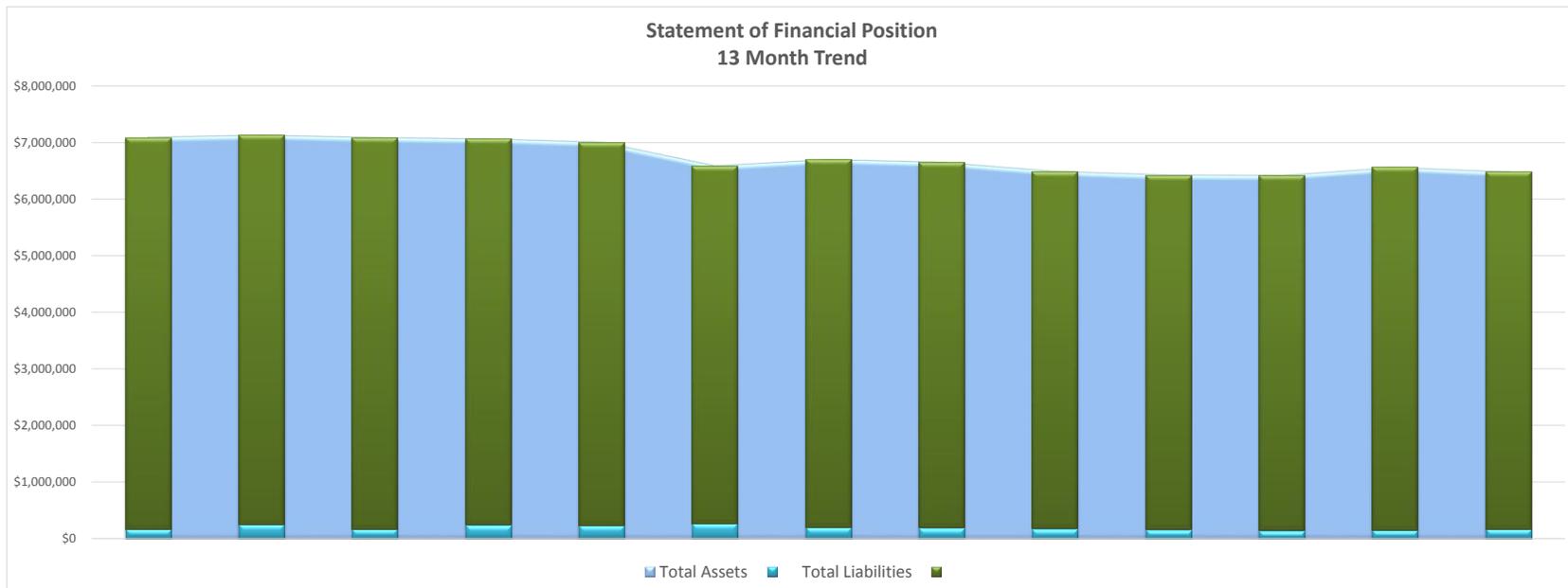
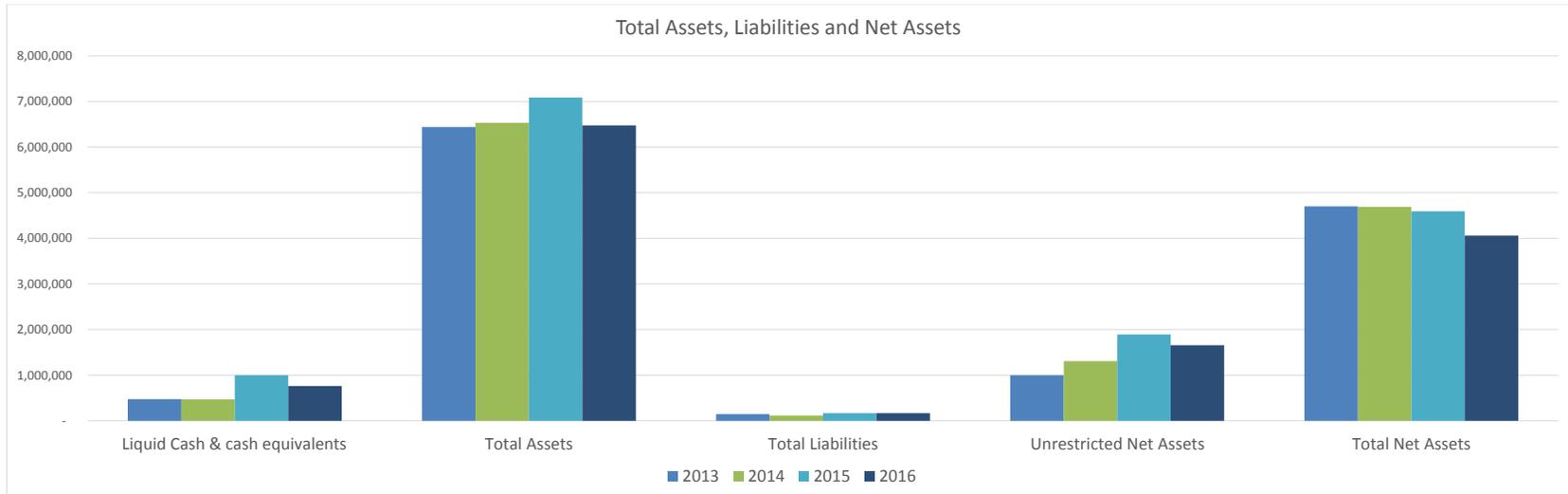
ENDOWMENT REVENUE – There was over \$101,000 of contributions made to the endowment in this reporting period.

IN-KIND:

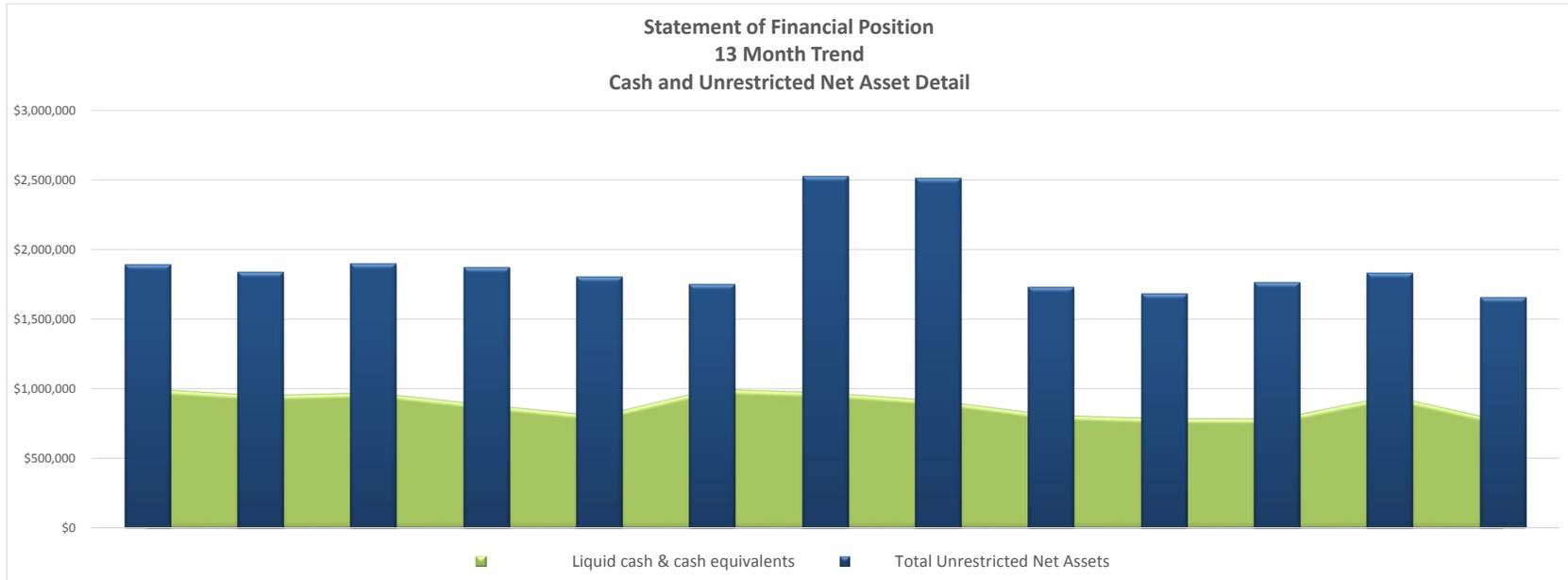
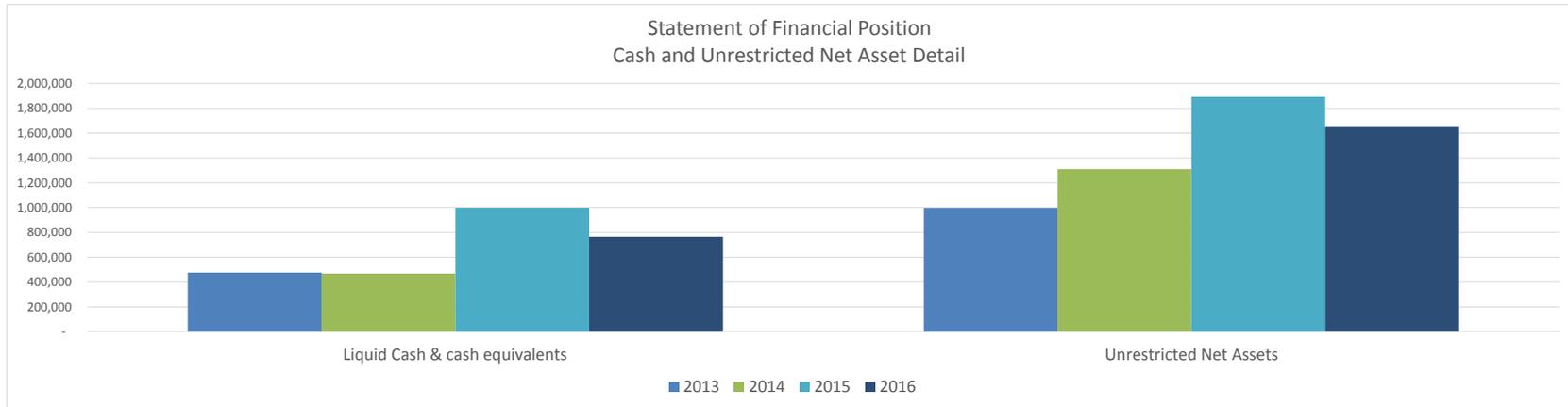
IN-KIND REVENUE – In-kind revenue was nearly \$11,000 year-to-date.

IN-KIND EXPENSE – In-kind expenses were nearly \$11,000.

Marion-Polk Food Share, Inc.
February 2015 - January 2016



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