AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Item</th>
<th>Who</th>
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<tr>
<td>7:00</td>
<td>A. Call to Order</td>
<td>Melissa Morris</td>
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<td></td>
<td>Reflection: Solidarity Summit 2020</td>
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<td>7:15</td>
<td>B. Agenda Review/Chair Update</td>
<td>Melissa</td>
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<td>7:20</td>
<td>C. Public Comment</td>
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<td>7:25</td>
<td>D. Board Development Report</td>
<td>Melissa</td>
<td>Presentation/Discussion (5 min)</td>
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<td></td>
<td>• Resolution 2021.02 Board member Election</td>
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<td>• Conflict of Interest Forms</td>
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<td>7:30</td>
<td>E. Finance &amp; Administration Report</td>
<td>Darren Seaton</td>
<td>Presentation/Action (10 min)</td>
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<td>• YTD Financials</td>
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<td>• Resolution 2021.03 LIHEAP Contract</td>
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<td>• Resolution 2021.04 CSBG Contract</td>
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<td>• Resolution 2021.05 OSA Contract</td>
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<td>7:40</td>
<td>F. Financial Statements FY 19-20</td>
<td>Dan Moors &amp;</td>
<td>Presentation/Action (20 min)</td>
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<td>• Resolution 2021.06 FY 19-20 Audit</td>
<td>Namrata Popat, Armanino LLP</td>
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<td>8:05</td>
<td>G. Racial Equity Series</td>
<td>Poncho Guevara</td>
<td>Presentation/Discussion (15 min)</td>
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<td>• Nonprofit Racial Equity Pledge</td>
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<td>8:20</td>
<td>H. Executive Director Report</td>
<td>Poncho</td>
<td>Presentation (10 min)</td>
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<td>• Program Update</td>
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<td>• Solidarity Summit</td>
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<td>• People’s Budget</td>
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<td>8:30</td>
<td>I. Fund Development Report</td>
<td>Pilar Diaz</td>
<td>Presentation/Discussion (10 min)</td>
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<td>• 2020 Holiday Program</td>
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<td>8:40</td>
<td>J. Program Spotlight: Elections 2020</td>
<td>Demone Carter</td>
<td>Presentation (10 min)</td>
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<td>• November 4th Planning</td>
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<td>8:50</td>
<td>K. Consent Agenda</td>
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<td>Board of Directors Meeting minutes August</td>
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<td>Executive Committee minutes September/October</td>
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<td>L. Public Forum</td>
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<td>9:00</td>
<td>M. Adjourn</td>
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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.
Board of Directors
Resolution 2021.02 Board Member Election

The Board of Directors of Sacred Heart Community Service (SHCS), at its regularly scheduled meeting on October 30, 2020, hereby elects the following Board member to serve on the Board of Directors effective November 1, 2020.

Representing Public Sector
Aboubacar Ndiaye (commencing first term through 2023)

_____________________________

Melissa Morris
Board President
Board of Directors
Resolution 2021.03 Low Income Home Energy Assistance Program (LIHEAP) Contract with California Department of Community Services and Development

The Board of Directors of Sacred Heart Community Service (SHCS) at its meeting on October 30, 2020 hereby resolves to enter into contract number 21B-5035 with the California Department of Community Services and Development and the people listed below are authorized to sign the contract and any subsequent amendments, invoices, reports, and related documents on behalf of SHCS to same for the Board of Directors.

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<th>Name</th>
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<tr>
<td>Darren Seaton</td>
<td>Deputy Director</td>
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I, Melissa Morris, President of the Board of Directors of Sacred Heart Community Service, of San Jose, CA, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Directors of Sacred Heart Community Service, by vote of the members present, as the same appears in the Official Minutes of said Board as its meeting of October 30, 2020.

_____________________________
Melissa Morris
Board President
Board of Directors
Resolution 2021.04 Community Services Block Grant (CSBG) contract with California Department of Community Services and Development

The Board of Directors of Sacred Heart Community Service (SHCS) at its meeting on October 30, 2020, hereby resolves to enter into contract number 21F-4042 with the State Department of Community Services and Development and the people listed below are authorized to sign the contract and any subsequent amendments, invoices, reports, and related documents on behalf of SHCS to same for the Board of Directors.

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I, Melissa Morris, President of the Board of Directors of Sacred Heart Community Service, of San José, CA, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Directors of Sacred Heart Community Service, by vote of the members present, as the same appears in the Official Minutes of said Board as its meeting of October 30, 2020.

_____________________________
Melissa Morris
Board President
Board of Directors
Resolution 2021.05 Santa Clara Valley Open Space Authority Contract
authorizing the submittal of an application for funding for a $39,900 grant to the Santa Clara Valley Open Space Authority Urban Grant Program for Sacred Heart Community Service La Mesa Verde Program, located at San Jose, CA;

Whereas, in accordance with the voter-approved Measure Q Expenditure Plan, the Santa Clara Valley Open Space Authority (Authority) has established a competitive Urban Grant Program (the Program) for projects that provide healthy and safe open space and park areas and environmental education programs within and near urban areas of Santa Clara County; and

Whereas, the Sacred Heart Community Service has identified Sacred Heart Community Service La Mesa Verde Program (Project) at San Jose, CA as a priority project; and

Whereas, the Sacred Heart Community Service believes that the Project meets the criteria for the Authority’s Urban Grant Program; and

Whereas, the total project cost for the implementation of the Project is $168,369.32; and

Whereas, the Authority’s Program requires applicants to provide at least 25% match of grant request; and

Whereas, the Sacred Heart Community Service has secured $128,469.32 from unrestricted funding, volunteer hours, grant funding; and

Whereas, the Sacred Heart Community Service will be responsible for operation and maintenance of the Project; and

Now, Therefore, Be It Resolved that this Board of Directors of Sacred Heart Community Service hereby finds, determines, declares, and orders as follows:

1. Truth of Recitals. That the forgoing recitations are true and correct.

2. Measure Q Consistency. That the Project is consistent with the Measure Q Expenditure Plan.

3. Authorization. Board President of the Sacred Heart Community Service is hereby authorized to conduct all negotiations and submit and sign all documents, including but not limited to, grant agreement, conservation easement, amendments, reimbursement requests as may be necessary for completion of the project.

4. Matching Funds. the Sacred Heart Community Service has available $138,469.32 for matching funds as cash or in-kind and sufficient funds to complete the project.

5. Operation and Maintenance. The Sacred Heart Community Service has available and sufficient funds necessary to operate and maintain the project.
6. **Program Guidelines.** The Sacred Heart Community Service has reviewed, understands, and agrees to abide by the provisions contained in the Program Guidelines.

7. **Legal Compliance.** The Sacred Heart Community Service acknowledges that it will comply with all federal, state and local laws applicable to the Project.

I, Melissa Morris, President of the Board of Directors of Sacred Heart Community Service, of San José, CA, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken to adopt this resolution by the Board of Directors of Sacred Heart Community Service, by vote of the members present, as the same appears in the Official Minutes of said Board as its meeting of October 30, 2020.

_____________________________
Melissa Morris
Board President

_____________________________
Vu-Bang Nguyen
Board Secretary
Board of Directors
Resolution 2020.06 FY 2018-2019 Audited Financial Statements

The Board of Directors of Sacred Heart Community Service at its regularly scheduled meeting on October 30, 2020 hereby accepts the Audited Financial Statements for the year ending June 30, 2020 and the Management Letter presented by Armanino LLP.

______________________________
Melissa Morris
Board President
Call to Order/Closed Session
Meeting was called to order in Closed Session at 7:03am
  • Adjourned to open session at 7:32 a.m. There was no report our from closed session.

Agenda Review/Chair Update Reflection
Open session was called to order at 7:35am
  • The attendees started with a round of introductions

Public Comments
  • No comments made

Finance and Administration Report
Bill Roth provided a review of the organization finances. He stated that we are in a surplus. Darren Seaton emphasized the positive surplus; he also shared that SH is a counter cyclical organization. As an organization, SH has raised more due to individual contributions. The budget estimated that it would have $14M and ended up with $31M. This is a $16M variance with most of it being funneled through our COVID19 Financial Assistance Program and Homelessness Assistance System partners.
Mr. Seaton reviewed the balance sheet. He explained that we are in a better place in general with strong operating resources. He also emphasized with the increase of revenues has come with increased costs.
Mr. Roth added that there is a new accounting rule where deferred revenue becomes differed net assets which will come up in the audit.

Resolution 2021.01 – Audit Committee was passed by consensus (mot: B. Roth/sec: S. Bustamante)

Solidarity Summit
Demone Carter introduced the inaugural Solidarity Summit to the board. He shared that the event will take place on September 19th from 12:30-4 with workshops, Keynote with Mia Birdsong, and workshops. The workshop offerings include the following:
  • How to be an anti-racist voter
  • Is it time to cancel rent and mortgages
  • Building Resilient Families
  • Public Safety: A new vision for funding our futures
  • Life ion the streets
Mr. Carter emphasized that the point of the summit is to bring people together towards solidarity. Ms. Morris asked how the board could support? Mr. Carter answered that board can invite their networks to participate. Salvador Bustamante asked how interactive are the workshops going to be? Mr. Carter explained that breakout sessions will be smaller and more discussion based. The tech team is currently working to see how it will work with the limitations of Zoom.

Community Agenda
Derrick Sanderlin introduced the Voter Guide. He explained that the process was to ensure that all issues in the voter guide come from community members. The team shared propositions to committees and needed an 80% consensus for them to be in the voter guide. Mr. Sanderlin continued by explaining each of the measures and propositions and how they are related to Sacred Heart’s goals, members, and strategic vision. Mr. Sanderlin emphasized that these propositions are a part of the work to upend the legacy of the legislature in creating inequitable systems. Mr. Sanderlin also shared the work and research of community members and how it would affect their lives. Mr. King shared some more context for some of the propositions and measures. For example, he shared a conversation over Measure RR, which would increase sales tax for CalTrain. Our members were not interested in paying more in sales tax for projects that don’t serve low-income residents and for services that are taken away.
Sameena Usman asked if SH was going to work with Prop 24. Mr. Sanderlin said that the team did not do a deep amount of research on that proposition and no community members expressed it as something that they wanted. Matt King added that part of the process was about identifying what are Sacred Heart issues and not over-extending the organizations. Ms. Usman added more context around how CAIR is working with ACLU to defeat this. She explained that the proposition is misleading and shifts privacy concerns to the consumer. Mr. King asked Ms. Usman to share CAIR’s voter guide once it is complete because even if SH chooses not to dive into certain propositions it doesn’t mean that we cannot share the work and values of other organizations.


In the chat, Monica Gomez asked if the voter guide would be mailed to community. Mr. King answered that it would be and Rachel Wright mentioned it would be posted on the website.

Vu-Bang Nguyen asked if the voter guide will be complete by Solidarity Summit. Poncho Guevara answered that it would be and shared that this version is a first pass.

Mr. King and Mr. Sanderlin shared that the organizing team is waiting on hearing back from partner organizations who more expertise. An example would be SV DeBug’s perspective on the cash bail initiative (Prop 25).

Racial Justice Series: Freedom House Ambulance Service
Ms. Morris introduced the 99% invisible: Freedom House Ambulance Service which explains the creation of ambulance services as a community response to medical emergencies. Ultimately, this model became used universally and the responsibility was taken away from police. It is an example of how defunding the police can be a generative act that shifts the way we respond to certain issues. Ms. Morris concluded by opening it up to the board members.

William Armaline shared the importance of not relying on the institution of police to solve our problems. He asked people to share what the clearance rates for crimes that end in arrest and conviction in the chat. As people speculated, he explained that only about 11% of all crime results in an arrest and 2% result in a conviction. That also has the assumption that those convictions are correct, which has proved to be not necessarily true. Dr. Armaline wants people to peel back some of the socialization that we have that we are currently safe and that the current system is effective. He said that one of the roles of organizations like SH have is to shift the conversation around how to create solutions that are effective. Aboubacar Ndiaye added that the statistics and definitions of clearance are complicated which can make the statistics even lower.

Dr. Armaline added the role of television shows, like 48 Hours, which create the socialization that the institutions are effective.

In the chat, Ms. Wright shared the following:

- Asked, "What does an America with defunded police look like to you?" Ocasio-Cortez responded, "It looks like a suburb."

"Affluent white communities already live in a world where the choose to fund youth, health, housing etc. more than they fund police," Ocasio-Cortez explained. "When a teenager or preteen does something harmful in a suburb (I say teen bc this is often where lifelong carceral cycles begin for Black and Brown communities), White communities bend over backwards to find alternatives to incarceration for their loved ones to 'protect their future,' like community service or rehab or restorative measures. Why don't we treat Black and Brown people the same way?"

"Why doesn't the criminal system care about Black teens' futures the way they care for White teens' futures?" AOC continued. "Why doesn't the news use Black people's graduation or family photos in stories the way they do when they cover White people (eg Brock Turner) who commit harmful crimes?"

Mr. Guevara added that an impactful part of the podcast was the way that as this model became more widespread the black community members responsible for creating it were replaced. As we move forward, when we ask questions around doing things more effectively and equitably making sure that the voice and contributions of communities are included.

Mr. Sanderlin added that the phrase “Defund the Police” is a phrase out of a movement and not a movement in and of itself. It is part of a larger movement towards abolition. He shared that abolition demonstrates a commitment to imagination, love and freedom. He reminded all that Defund the Police should be taken with respect towards the ancestors of this movement who called themselves abolitionists.

Valerie Gonzales shared in the chat: "I'd love to hear/learn more from Will, Derrick, Demone, others ... if there's ever another conversation/side convo, I'd welcome. Thank you all."

Program and Strategy Report
Mr. Guevara shared the conversation of racial justice work at SH that affects regional leadership. For example, he shared the work of the South Bay chapter of SURJ housed at SH. Mr. Guevara also shared how he has been hosting standing meetings of racial justice with CBO leaders weekly. He also flagged that next time we will be sharing aspects of People’s Budget that is being developed by Dr. Armaline and his team towards rethinking municipal budgets. Additionally, SH has been involved with the creation of the Office of Racial Equity in the City of San José. Mr. Guevara also mentioned that in the work of regional leadership building, the organization is working towards creating an Organizing institute to support other organizations to build their organizing capacity.
Mr. Bustamante added that he believes it is important that SH uses its position and role as a convener. Many organizations are having similar conversations around issues separately. By convening, SH could work towards being a unifying force and working together.

**Fund Development Report**
Ms. Gomez shared that Pack-a-Back (PAB) was a huge success. She made a point to thank the staff for raising the most amount ever and the different distribution methods. Because of PAB, the holidays will also be looking a little different.
Ms. Wright clarified that gift cards were not given to families but backpacks were given. They were able to serve over 3800 kids but that the holidays will most likely look like gift card distribution. She mentioned that it would require the board support to make that happen and the challenges that may be down the pike.

**Executive Director Report**
Mr. Guevara gave program updates across different programs across the agency.
SH has been involved in the Census and making sure that the community is counted.
LIHEAP received an additional allocation due to the CARES Act. Lorena and the Energy team are working on ensuring that communities are getting the resources they need. He also mentioned how Lorena, in addition to the Energy work, has been leading the COVID Financial Assistance Program.
Education is running a youth program for people who need a place for their youth to participate in remote learning with child care.
Mr. Guevara shared some of the overall work and impact of the HPS work. He will follow-up with an infographic to the board that that included figures such as having helped 5,796 individuals at risk of homelessness as of June 30, 2020.
Mr. Guevara shared how new team and systems were created to disperse COVID Financial Assistance throughout different phases. He shared a map of the distribution of funds which center around Sacred Heart and its surrounding community.
He shared some updates and work being done by the organization:
- Commercial Linkage Fee
- Anti-Displacement Strategies
- Rapid Response Network
- New Organizing Director- Steph Quintana-Martinez

**Consent Agenda**
The Consent Agenda was passed by consensus, including the following sets of committee meeting minutes: Board of Directors Meeting minutes June, Fund Development Committee minutes July, Executive Committee minutes August, Program & Strategy Committee minutes August, Finance & Administration Committee minutes August.
(mot: D. Fisher/sec: S. Usman)

**Public Forum**
none

**Adjourn**
Ms. Morris adjourned the meeting at 9:04am (mot: D. Fisher/Sec: P. Diaz)
MINUTES

Attendance:
Monica Gomez, Vu-Bang Nguyen, Melissa Morris, Poncho Guevara, Omar Leal, Bill Roth

Program Updates

Financial Assistance
Mr. Guevara began the meeting by giving an update on the state of the financial assistance and COVID financial assistance. As it stands, it has been a struggle to manage the quick and large expansion of the work. Both the county and city have been in talks with Sacred Heart around dispersing funds to landlords. Part of the challenge with the volume has been with expectations placed on the organization and this program. What was originally imagined as a pilot for 70 families reached numbers far exceeding that. Mr. Guevara also explained that in conversations that there was a chance for 200 referrals a week, which would be outside the capacity of the organization. Mr. Guevara, along with the housing team, are in conversations around what this program and support could look like. With the new state legislation, the support will also have to take into account how the pot of money could potentially be used to help more people and the administrative burden that would put on staff. As it stands, multiple directors have taken significant leadership roles in administering financial assistance due to COVID and are burnt out in addition to being pulled away from their roles. Mr. Guevara mentioned that the organization is currently looking for detail oriented temps that could serve to support and manage the program. Mr. Guevara concluded the update by emphasizing the importance that the Exec Committee be up to date on the program expansion and limitations as well as recommendations for anyone who could support. Ms. Morris wanted to clarify if the support would be on a temporary basis to which Mr. Roth added, if so, until when. Mr. Guevara answered that it would be temporary and run until the end of January with the possibility that it could be extended.

Solidarity Summit
Mr. Guevara shared that, as of today, the Solidarity Summit has over 650 registrants. He also shared the latest iteration of the voting guide that will be shared as part of the Solidarity Summit. He explained how the slate is the same as the ones shared at the last board meeting by Derrick Sanderlin.

Staffing
Mr. Guevara shared that after a long search, SH has hired an HR Manager. Melissa Lomeli will begin at the organization in 2 weeks. He also shared that Tech Manager, Luis Campos, will return next week after 3 months of paternity leave.

Office Lease
Mr. Guevara shared that the leasing of 550 South First Street looks promising. He shared that the purchase option has been agreed to and would have to be executed within the first 3 year period. Related, Mr. Guevara shared that the organization has entered into a contract with a development consultant who will support the major donor campaign. The main function of consultant will be to support Rachel Wright by providing guidance on more proactively raising funds from major donors. The hope is that by the end of the year, there would be more office space. The office space is a priority for the organization as teams and programs grow. He promised to keep the committee up to date on all things related to the lease.

Board Development and Matrix
Mr. Guevara shared a preliminary look at the matrix of the skills and connections of the current board members (Board Matrix). Some of the skills included are PR/Communications, HR/Personnel, and fundraising. The current board is heavily weighted in public policy and organizing that means that some of the other skills are not as heavily represented. Mr. Guevara stated that he brings this up to emphasize the needs and skills of the board as current board members term off. In addition, Mr. Guevara shared that he believes that Aboubacar “Asn” Ndiaye would be a welcome addition to the board. He then invited comments and feedback from the committee. Mr. Nguyen emphasized that it is always important to have people who can understand the budget and HR
Mr. Guevara re-emphasized that Asn would be a good fit for the board. He mentioned having individuals with experience in corporate affairs especially with Eric Bonesteel off the board is important. Mr. Nguyen mentioned that some organizations have turned their eyes to younger, progressive philanthropists for board recruitments and shared https://resourcegeneration.org/ as a resource to explore further. Ms. Gomez offered some more people who could be interested and will gauge their interests and, if they are, will connect them directly to Mr. Guevara.

**NEXT STEPS:** Schedule a meeting/interview with Asn and bring him on the Board as soon as the October Board meeting.

**Leadership Council Preview**

Mr. Guevara shared a continuum on becoming an Anti-Racist Multicultural Organization as a way to frame the development of the Leadership Council. He emphasized that as organizations move past diversity and towards liberation means sharing power with constituents. Mr. Guevara shared that his vision includes that members of the Leadership Council would eventually help fill the ⅔ of the board that are representatives of the low-income community.

Mr. Guevara shared that the Solidarity Summit was meant to help invite those people into leadership but COVID interrupted that. There have been other challenges including Lydia being pulled from her role and Omar just starting his position that have pushed the timeline back. That being said, the goal is to have Leadership Council seated and running by the end of the year. Mr Guevara posed questions around what investment in this leadership would look like, where the responsibilities of this council would overlap, and how it could collaborate with the board and the Program and Strategy committee. Ms. Gomez shared that there are examples of constituents taking power and organizing into their hands. She shared an example of Chicago youth organizing neighborhood tours with Chicago PD in an attempt to connect the police to the community. She mentioned that as we think about advocating for the reallocation of police funds, this could be a new program for the organization but it is about sharing power of constituents to engage in systems.

Mr. Nguyen added that it is important to talk about these things and find a way to communicate their importance without having a deep understanding of academic race theory. Mr. Guevara mentioned finding consultants to undertake the work has been difficult because 1.) this work isn’t being done much in other organizations and 2.) the work and availability of consultants is limited at this time. To this, Ms. Morris, shared the name of Andrea Luquetta who could be a good fit. Mr. Nguyen then offered that in finding consultants it was important to feel comfortable with co-creating with them and accepting the organization’s role as a leader.

To conclude, Mr. Guevara shared the professional development strategy of Sacred Heart U that links to the racial justice consultant search. He mentioned how important it was to find and work with people who are looking to be creative in creating something new.

**NEXT STEPS:** Ms. Morris will send the name of a consultant to Poncho again and see if she’d be a good fit.  
**NEXT STEPS:** Want to share an update on professional development work and consultant work being done with consultants

**Meeting Adjourned** – 9:05am
MINUTES

Attendance: Poncho Guevara, Omar Leal, Jaki Joanino, Vu-Bang Nguyen, Diane Fisher, Lydia Bustamante

Solidarity Summit
Mr. Guevara shared that the Solidarity Summit will be happening on Saturday, September 19th. He shared some of the back end planning and partnership with the School of Arts of Culture. Currently, there are over 700 attendees registered. Mr. Guevara shared the latest version of the voter guide and agenda that will be shared during the Solidarity Summit. Mr. Guevara shared some of the commitments and follow-ups to the different workshops around getting out the vote, education, and line people up to work that is being done--like the peoples’ budget. Mr. Guevara also shared that each of the workshops has around 100 people registered. He also shared some work that has been linked to the workshops. For example, Sacred Heart has been able to co-host education forums to move people to engage. He also explained the work around voter engagement that will come from the Solidarity Summit. This includes a Bit.ly link to get people to sign up to engage their communities in GOTV initiatives. Mr. Guevara explained that we will be doing an evaluation of the Solidarity Summit next month and shared that a place of improvement would already be to include more members in creating and delivering the workshops--a adaptation that needed to be shifted given the shifting context. Ms. Fisher asked for clarification around the engagement of voters and if there were partners being brought in. She shared that she is involved with mobilizing the vote with Luna. Mr. Guevara shared that there is some overlap and the focus of the voter mobilization is around certain initiatives. Those initiatives are being divided among Working Partnerships. Ms. Fisher offered some spaces for collaboration around Propositions 16, 17, & 20 in particular.

Next Steps: Poncho will connect Matt King and Diane Fisher for collaborating on the voter mobilization

Leadership Council
Mr. Guevara shared more context around the framing of the leadership council. He began by expanding the goals of a multicultural anti-racist organization. Part of the work to come around power-sharing has led to the ideation of a Leadership Council. Mr. Guevara shared more about the relationship of a board and leadership council. The concept, known as a community board, is about having a board fulfilling their responsibilities and have a group of constituents for accountability. At Sacred Heart, Mr. Guevara shared how constituent, lived-experience advisory committees could offer feedback to programs while also coming together to plan things like the Solidarity Summit. Mr. Guevara shared that this would be about connecting A and B level leaders towards sharing power. Guevara continued by explaining that the vision is to have these members of the Leadership Council would be able to fill the low-income representative of the tripartite board. Guevara also emphasized that Mr. Leal and Ms. Bustamante’s position on the staff helps to support this work. Mr. Guevara then asked for feedback around some of the concrete functions of the board and the vision for the collaboration with the board in the future.

Mr. Nguyen asked if there are folks in mind for the leadership council. Mr. Guevara shared that there are programs that have lived experience committees and others don’t. The Leadership Council would provide a way to push those programs to create and formalize those. Ms. Bustamante offered that while some programs don’t have a formalized advisory council, it would help catalyze those programs with high involvement to formalize it. Ms. Fisher asked if there could be some connections between roles on the leadership council and roles on the board. She explained that there are models for understanding the relationship as partnering. Guevara offered that there could also be a relationship between members of the leadership council and committees. Mr. Guevara then offered SOMOS Mayfair and the way that their power sharing with their constituents and a dialogue/conversation with the organization. Ms. Joanino expressed a general excitement for the idea and structure. She also expressed how the program and strategy committee could serve as a partner and to be careful that their voice isn’t lost or overwritten in this space. She asked if A and B level leaders have been tapped around this idea. Mr. Guevara answered that no but those leaders are already tapped into specific programs and initiatives but not in an overall organizational way. Ms. Joanino followed up with a question around whether or not a subcommittee or ad hoc roles in the council. Mr. Guevara shared that it would be important that people in the Leadership Council would have to be in a committee setting. Ms. Bustamante agreed and added that the first iteration would require a sense of building and design group to make processes for getting new members involved in the council.
Mr. Nguyen asked for clarification around what the end goal of participation in the Leadership Council is. He wondered if it was to prepare people to serve on the board of directors to biote staff or to build a base of people that could be tapped into. Mr. Guevara responded that the most basic endgame is base building, and that the suggestions proposed hadn’t crossed his mind as directly tied to the Leadership Council. This also spurred Mr. Guevara to share that because of the level of leadership being asked of folks in this space that some kind of compensation would be included.

Professional Development and Racial Equity Consultants

Mr. Guevara shared the overall structure of the professional development plan for Sacred Heart. This includes the 4 different aspects with Rotations, All staff meetings, Sacred Heart U (Individuals Professional Development), and Program Team development. Mr. Guevara shared that the focus of Sacred Heart U will be to communicate the professional development of staff through different tracks. For example, a Knowing Our Constituents track would focus on who are our constituents and a lens of racial equity. The other tracks include the following: Organizing, Nonprofits 102, and Project Management. He emphasized that this is important because we want to make sure that people understand the investment that is being made in them.

Mr. Guevara shared that a big aspect of professional development, particularly Know our Constituents, will include a large amount of Racial Equity. Mr. Guevara shared that we have done some preliminary interviews with 3 consultants and would like to move forward with 2. The consultants would serve as a thought partner and trainer on how to build up our capacity to deliver and “rinse repeat” them. Mr. Guevara shared that one consultant would focus on a coaching relationship in building the framework and the second would help more with the execution. Mr. Guevara opened to the committee for feedback and places where their expertise could fit into supporting the professional development of staff.

Ms. Fisher asked for clarification around the Nonprofit 102 track. Mr. Guevara explained that it goes beyond the basics of non profits and includes aspects of how Sacred Heart approaches it in terms of being anti-racist and power sharing. Mr. Guevara offered an example of Ms. Joanino being able to provide some kind of session around anti-displacement. Ms. Joanino shared some modules of GARE with aspects of the racist history of policies and the way that race has affected our lives. All of these were examples of modules that could be adapted for people to engage in these conversations. Mr. Guevara asked who delivers the training and Ms. Joanino shared that it is its own organization. People's institute for Survival and Beyond. Mr. Guevara shared the goal of the investment 1.) aligning our strategy towards getting us to do our work better and 2.) understanding that people aren’t going to work for us forever but want people to leave and take our practices with them. Ms. Fisher offered that there are great ways to engage with faith organizing and ways to get people to tell their stories in a powerful way.


Shared by Ms. Bustamante: https://www.pisab.org/
MINUTES

Attendance: Melissa Morris, Bill Roth, Brian Darrow, Darren Seaton, Michael Soukup, Poncho Guevara, Melissa Lomeli

Financial Statements
Mr. Roth opened the meeting and Mr. Seaton reviewed the profit and loss statement with Mr. Soukup. Mr. Seaton noted that the organization had found new money in the past fiscal year. With COVID, personnel transitions, etc. a perfect storm was created and grant funds that were received and not booked for FY19-20. Mr. Seaton stated he wanted to raise this issue for the committee because it increased the surplus figure over what had been viewed in the previous month.

The July income statement shows that Sacred Heart is hewing close to estimate. Mr. Soukup explained that in the last quarter of the previous fiscal year the organization received a large amount of funds that are booked as revenue for FY19-20 but will be expended in FY20-21. This is important to note because Sacred Heart will have expenses in this fiscal year without corresponding revenue.

Mr. Seaton noted that contributed revenue was doing well and the organization did very well through pack-a-back campaign. With earned revenue, the organization is running behind estimate because housing programs started later than anticipated and also CSBG 2020 and CSBG Cares contracts are not separated. To that end, the Cares contract has not begun to be expanded yet and that is throwing our CSBG revenue into a negative variance.

Gross wages and employment taxes are significantly ahead of expenses due to the COVID crisis and the temporary programs.

Mr. Soukup reviewed the balance sheet and noted that there is a good amount of deferred revenue that is in accounts receivable. This largely has to do with Destination Home advances, and it needs to be negotiated with then. This is greatly inflating AR and deferred revenue.

Mr. Seaton discussed the current state of the lease and purchase and sale agreement negotiations regarding 550 S. First St. Mr. Darrow asked about the potential funding of the building and noted that part of the surplus may be used to acquire the building. Mr. Guevara talked about potential funding options and noted that Sacred Heart was working with a capital campaign consultant.

The committee also asked which programs would be located at the new building. Mr. Guevara address the issue saying the main tenants would be homelessness prevention and family assistance programs.

Melissa Lomeli provided a HR update.

Mr. Guevara reviewed the anti-racist trainings that will be brought to the organization and described the consultant who Sacred Heart will be working with. Mr. Roth inquired further about intersectionality and how gender, sexual orientation and gender identity would be included. Mr. Guevara responded that those issues are being considered and he would bring them back to the committee. Mr. Roth was thankful.

Ms. Morris concluded the meeting at 9:18AM
AUDIT COMMITTEE MEETING
Wednesday, October 8, 2020, 1pm
via Zoom

MINUTES

Attendance:
Committee members: Donald Wright, Jim Gibbons, Jennifer Riva-Kirk
Management members: Michael Soukup and Darren Seaton
Auditor representatives: Dan Moors, Namrata Popat and Aaron Joo.

Timeline review
The auditors discussed the audit timeline and key deadlines. They noted that the pandemic caused complications in the auditing process. Instead of manually reviewing documents in person, they had to request that the client copy and transmit the items that the auditors requested. Although this was a more cumbersome procedure, the auditors felt that they were able to conduct all the reviews that they needed to do.

Summary of Key Audit Procedures
Dan Moors and Namrata Popat outlined the Armanino audit approach and steps to be taken in the audit. Areas of particular focus were discussed. Because of the large increase and the size of the Destination Home program, the methods for auditing it were discussed in more detail.

Review of Management Advisory Recommendations
Aaron Joo reviewed the recommendation made to Management in the prior year audit and discussed Management’s response which was deemed adequate. The issue was again the need for closer scrutiny and documentation of the accounting for donated toys and educational materials.

The auditors noted that there was no documented evidence of review of the bank reconciliations that were updated subsequent to preparation of the original bank reconciliations. The auditors recommend that the Finance Director initial and date bank reconciliations as an evidence of review. This control should be also applied if bank reconciliations are updated subsequent to preparing the original bank reconciliation.

It was noted that there has been inadequate staffing in the Finance department which was causing stresses and strains. Management indicated that efforts were ongoing to remedy the problem.

Review of Various Issues
Dan Moors noted that the large increase in revenues from Destination Home did not include any federal awards. As a result, it they did not require Federal Audit Procedures. But he averred that there is a good audit trail in place for disbursements in the rental assistance program. A long discussion ensued which updated the committee members on its nature, scope and implementation.

New standards regarding grants: are they contributions or revenue? Bottom line - if the grant benefits the general public, then it is classified as a contribution. Most government grants are considered contributions. Grants will be classified as restricted contributions.

Other issues and future committee business
After the management representative were excused from the meeting, Dan Moors asked the committee if there were any other issues or concerns not already covered that the committee wanted to discuss with the auditors. There were none except the following. The members of the committee in attendance pointed out that they are not currently involved in any SHCS Board activity and they do not regularly see the financial statements. As a result, it is hard for them to know if there are other issues that they should raise with the auditors. Two recommendations followed from this discussion:
• the members of the audit committee should automatically be sent copies of the financial statements on a quarterly basis
• audit committee meetings should always include at least one member from the Board’s Finance Committee. This would ensure that the committee is more aware of ongoing issues of potential concern in the audit.

The audit exit meeting day and time was to be determined as soon as possible. The meeting was adjourned.
MINUTES

Attendance: Monica Gomez, Vu-Bang Nguyen, Melissa Morris, Poncho Guevara, Omar Leal, Bill Roth

Update
Financials: Analysis
Mr. Guevara shared that as an organization we are doing well as we enter the third phase of the COVID financial assistance program, CEHPP. For this program, the organization is aiming to spend $9.6 million and this is by far the most complicated to spend because of the nature of the federal funding involved. That being said, Mr. Guevara shared his confidence in the models that were created for the first two phases that will continue to adapt in the third phase.

Mr. Guevara shared that, unfortunately, he is unable to give a clear picture of the current financials. He clarified that although we are doing well, with $4 Million end of year surplus, finance is backed up. Mr. Roth mentioned that the last update that the Finance committee looked at may have been July’s financials. He also mentioned that there is a pattern and need to catch up on backlogs. Mr. Guevara said that he is not concerned about the backlog and that the team just needs time to catch up. Mr. Guevara continued to say that cash is still coming as he pursues funding from key foundation partners to fund our racial justice work. Mr. Roth shared that he agrees with Mr. Guevara’s opinion that the financial situation is going well and that, on a cash flow level, the financials are fine. As we move forward, Mr. Guevara shared that with the filling of various positions the capacity of the organization is settling down. For example, Mr. Seaton is better able to returning to his duties as Deputy Director with the support of the new HR manager.

Mr. Guevara continued to share that he made presentations this week to funders circles for United Way Bay Area and Magnify Silicon Valley. He feels confident that he is in a good position to work towards maintaining healthy financial status in the organization.

NEXT STEPS: Mr. Guevara will share newsletter with the Board.
NEXT STEPS: Mr. Guevara will share highlights of COVID learning conversation for Senior Team with Executive Committee.

550 S. First Street Move-in
Mr. Guevara updated the committee that the organization has signed a lease about 2 weeks ago with a purchase option for S. 550 First Street. Mr Guevara shared that Mr. Leal is aiding in the project management of moving into the new space. Mr. Guevara then asked the Exec Committee if they knew of folks who could help in developing a scope of work for an architect and/or potential architect who could do some construction management. Ms. Gomez shared in the chat: “Anderson Brule, women-owned architectural firm” and “DevCon is building our new ND Center for Women’s Leadership right now.” Mr. Roth also noted that he knew of someone and will connect Mr. Guevara later. Ms. Gomez asked if there was a move-in date. Mr Guevara answered that we are prioritizing making sure the space is set up. Mr. Guevara then shared that as we chose to execute the purchasing option, there could be a second phase of construction. Mr. Guevara shared that Veggielution is leasing the space next door and excitement over the potential for collaboration. Ms. Gomez shared her excitement about being so close to Notre Dame and the opportunity it presents to the students there. She also shared the possibility of being able to share parking space leased by Notre Dame. That led Mr. Guevara to ask if Ms. Gomez could connect him to who is in charge of that as we figure out how parking will work for Sacred Heart staff.

Racial Justice
Mr. Guevara is working on building out the proposal for the Heising-Simons Foundation. He also shared that Dr. Armaline will be developing the survey tool for the People’s Budget soon. He explained that the work will include surveying thousands of folks. He also nodded to the work being done by the (Racial Equity Action Leadership) REAL coalition in partnership with this work.

Mr. Guevara shared that Zulma Maciel was selected as the head of the Office of Racial Equity. Mr. Guevara was involved in the selection committee for that and expressed excitement for what we could do with this office, knowing that Ms. Maciel is someone
who the organization has a close working relationship with. He continued to explain the work of SVCN and the racial equity pledge coming down the pike. The pledge will require organizations and board members to sign onto it. Mr. Guevara mentioned that he will be reaching out to board members around conveying board members of other organizations to discuss this pledge. His hope is that a space will be created of board members speaking to other board members. Strategically, Mr. Guevara shared that it offers an opportunity to boast dialogues among board members who are interested in racial justice and equity work. He emphasized that as we create an environment of racial justice leaders, philanthropy and other institutions will have to take note and accept it as the norm. By creating leaders who hold systems of power and elected officials accountable, Sacred Heart is not be an outlier but part of a larger coalition. Mr. Guevara concluded that a great deal of this is speculative but part of the larger strategy.

Board Meeting Agenda
Mr. Guevara transitioned into the racial justice learning conversation and suggested that it could be on the racial equity pledge. In addition to the Racial Justice Conversation, he mentioned that another large agenda item will be the audit. Mr. Guevara shared some other topics that will be included in the board meeting, such as the Solidarity Summit. Ms. Morris suggested that the reflection space could be a great place to recognize the work of staff and let board members express gratitude to the staff responsible for planning the Summit.

At this point, Mr. Guevara shifted to think about how the Solidarity Summit is an opportunity to juice up our numbers around member leaders. With Ms. Bustamante entering her role as Associate Director, there is an opportunity to better build up the operating plan around the Solidarity Summit. Mr. Guevara then continued to speak about creating an election results update. The “Town Hall” will be a chance for SH to say something around the results of the elections and invite staff and members to come together. Mr. Guevara shared work that was being done by other groups with a similar spirit of preparing for election results. Mr. Nguyen shared that we should be planning optimistically with some focus being placed on local propositions and measures. Mr. Guevara then asked what is the tenor for what happens with a clear Biden win. He identified the tension between groups around not being excited about a Biden presidency and the work that still needs to be done. Ms. Morris shared that she tends to agree with the need to keep working on an unjust system and needing to celebrate the victories. Mr. Nguyen emphasized the need for a call to action and how federal departments will be led by people who do not hate the departments they run with a Biden win. Mr. Guevara mentioned creating a space in the future to keep talking about this, potentially at the board meeting.

Following is an outline of the October 30th Board Meeting:
- Audit
- Racial Justice Conversation
- Reports:
  - Finance
  - Solidarity Summit-Congrats
  - Elections: Convening
- Board Member Election
- Resolutions: LMV, CSBG, LIHEAP

Board Development
Mr. Guevara would like to schedule some time for an interview with Asn to include him on the Board.

NEXT STEPS: Omar will follow up with Ms. Morris and Mr. Nguyen to schedule time to interview Asn.

December Board Dinner
Mr. Guevara shared rethinking the December board meeting, knowing that traditionally it has been a dinner. He presented an option for a mixer over Zoom with care packages sent to board members. Ms. Gomez shared that she likes the idea of happy hour and shared a company that sends pre-packaged beverages. Ms. Morris shared that depending on what Santa Clara County’s guidelines are, it could be fun to mask up and see the new space. Ms. Gomez shared that it could work and use the Plaza de Pobladores park as a socially distant space. Ms. Gomez shared in the chat: “https://losgatossodaworks.com/.” Mr. Guevara concluded that we will spend some time thinking about it and come up with options that feel doable and appropriate.

Meeting was adjourned at 8:59am
MINUTES

Attendance: Diane Fisher, Omar Leal, Valerie Gonzales, Lydia Bustamante, Vu-Bang Nguyen, Chava Bustamante, Jaki Joanino

The Leadership Council
Ms. Bustamante began by sharing a presentation around building out the plan for the Leadership Council. She began by providing context around where the idea for the Leadership Council came from and the function of it sharing power. Power Sharing is vital for the Leadership Council’s success and requires a deep commitment by the organization and the board as we find ways to collaborate. Ms. Bustamante shared some of the grant requirements from a proposal made to the Heising Simons Foundation and, even with the COVID interruption, it is still doable. These requirements, among others, included a collaboration between the Program and Strategy Committee and the Leadership Council. Ms. Bustamante continued by sharing the results of the conversations she had had with various programs around active committees. She underscored that she needed to know about committees that were currently active—during the pandemic. Ms. Bustamante continued to share descriptions of the individual committees and emphasized the importance of having member input and participation in programs. Ms. Fisher asked if Ms. Bustamante could share the 7 organizing committees that exist at Sacred Heart. Ms. Bustamante listed a few and committed to following up with Ms. Fisher directly with a complete list. She also shared that the School Organizing Committee is separate from the other because it exists as a partnership between Innovate Public Schools and Sacred Heart rather than being part of the organization.

Ms. Bustamante reviewed the advice given by the committee in January and how it is being incorporated into the new model. The framework that was suggested was engaging a group to plan out the framework and description for the role of members. Ms. Bustamante shared that training and introduction will be vital because it orients folks and many board members have shared that as an important part of the work. Ultimately, this group would be responsible for planning the Solidarity Summit. Ms. Bustamante shared the basic structure of the Leadership Council which included the following:

1. Size of 10-15 people
2. Committee reps to start with, allow flexibility
3. Language access - ensure full simultaneous access
4. Public recognition: website, e-newsletter, blog post, social media

Mr. Bustamante shared concern around the frequency of monthly meetings, especially if the Leadership Council members are also a part of other committees. He suggested that having a bi-monthly structure could be more appropriate. Ms. Bustamante in response shared the agreement and that the leadership development space that gets these folks involved in other avenues requires some time. Ms. Fisher shared that it would be important to share the moving folks into larger communal leadership as an explicit goal. She emphasized that the goal is to foster leaders and make sure that there are avenues for that to grow with and beyond the organization. Ms. Fisher also emphasized that the relationship of having members represent their Committees at the Leadership Council also needs to work the other way—members represent the Leadership Council on their Committee. Ms. Joanino also asked to clarify if the quarterly meeting with the Board would replace a monthly meeting and not add one. She also shared that it would be important to be flexible in case folks have to miss meetings, within predetermined expectations. Ms. Joanino then went on to express excitement for the PAR as well as for the potential of the stipend.

Ms. Bustamante began to dive into the proposed stipend structure and shared that there is precedent in the organization for these stipends. She shared that the advisory group would be paid as well as the first Leadership Council. The Leadership Council also referred to as Stage 2, would be paid for their fulfillment of term as well as by taking on the work of the organization. Ms. Bustamante then went on to share a proposed timeline which includes a meeting within the next month of the advisory group. She shared that the monthly meetings may also be up until the Solidarity Summit which will be moved to the Spring. Ms. Bustamante then asked for the committee to share any input or questions.

Mr. Nguyen asked for some clarification around the goals outlined in our proposal to the Heising-Simons Foundation. Ms. Bustamante responded that the foundation will be more flexible given the context of the pandemic and that if we complete the proposed timeline, we would still be on track to complete the original goals. Mr. Bustamante then asked for clarification on the
mission or purpose of this group. Ms. Bustamante shared that there wasn’t a separate mission from the organization but the goal is to create spaces of shared power and decision making. Ms. Bustamante then asked the committee for advice around how to move folks towards creating advisory committees when some programs do not have committees currently. She also noted that programs that have struggled with creating those committees are those that are transaction based—where we provide direct financial assistance. Ms. Bustamante then added how important it is to include those who do not have committees in having representation. Mr. Bustamante opined that programs not having these advisory committees should not hold up the beginning of this group. He also said they should not be kept out the loop and keep them accountable. Ms. Joanino disagreed and shared that it would be important to have representation to the Leadership Council. She mentioned that these individuals could be part of putting more attention to the need for an advisory committee. Ms. Joanino concluded that she agreed with the fact that it shouldn’t hold up the process. Ms. Fisher chimed in and offered that if one person on the Leadership Council could unstick the process and go into creating an advisory committee. Mr. Bustamante reemphasized that if there is no relationship in the provision of the service or program, then it adds another layer of difficulty and separation from inviting folks into these kinds of spaces. Ms. Bustamante offered that they could have a deadline of Stage 2 to create an advisory committee and designate a representative and many agreed that could work. Mr. Bustamante added that it would be important to offer extra tools to those programs to get people involved.

Ms. Joanino asked for clarification because there was a back and forth around stipends and was wondering what changed to include a stipend. Ms. Bustamante shared that it was part of a pilot that was done with Resilient Families to provide stipends for leadership roles. The data has shown a strong impact on the completion. Mr. Bustamante shared that he understands the logic of not getting people to do what they have to do for money but agrees that a stipend is a big motivator for people. Mr. Bustamante also emphasized a point made by Ms. Bustamante that in this pandemic any amount of money is helpful. Ms. Bustamante added that the philosophy of “the rewards go to those who do the work,” and that this is about recognizing and supporting the work in the community. Ms. Fisher offered that she would offer a leadership award that had a financial component. She emphasized that it makes sense as a way to support committees. Ms. Gonzales shared that she agreed with the statements made around the Leadership Council. Ms. Gonzales also appreciated the criteria attached to the stipend in moving the work forward.

NEXT STEPS: Ms. Bustamante will share the 7 Organizing Committees with Ms. Fisher

Post-Election Preparation
Ms. Bustamante then directed the conversation from the Leadership Council towards what to do post election. She mentioned that she feels the community will be looking towards us. She brought up what it was like when Trump was first elected in 2016 and Sacred Heart’s role became holding space. Currently, there are preparations for positioning the organization for a Biden win, a Trump win, and an instance where results are still in the air. Ms. Bustamante shared that there is currently an all staff space held in English and Spanish. Ms. Fisher shared that her synagogue is holding a Zoom meeting and is recruiting therapists within the congregation to hold space in breakout rooms. Mr. Bustamante shared that there are multiple groups organizing to open up service centers in Downtown San Jose that would deal with human rights issues. This is a response to the likely action that will happen regardless of the results. Mr. Bustamante shared that Sacred Heart should plan to be part of that effort. Mr. Bustamante circled back and emphasized that this is an important time to show solidarity. Mr. Nguyen had to step out but added in the chat: I’m sorry, I have to step off for another meeting, I would just add that in either outcome, the democratic process will be a big issue. Either in the courts because the election is contested, or Trump wins because of voter suppression. Either case, will be a bit chaotic.

Ms. Bustamante asked what Sacred Heart staff want to hear from leadership. Ms. Fisher stated that among different folks there will be different responses. In the fear and anger there will also be people who bring out hope. Mr. Bustamante shared that from the conversations around responding to Trump’s immigration policy threats came the Rapid Response Network. He concluded by sharing that in preparing for the worst case scenario is where we need to be. Ms. Joanino remembered that in 2016 Measure A passed, and denotes it being a mixed bag. Ms. Joanino shared it is important to share the nuggets of good, without being overly rosey, within any results. Ms. Fisher shared that she is organizing a proposition analysis to understand all the important propositions in CA. Ms. Joanino shared that in leaders she seeks a connection to passion and emotional connection and that she feels Ms. Bustamante already does this well.

Board Agenda and Holidays
Ms. Bustamante shared the plan for the next Board meeting agenda. This includes an opportunity for sharing around the Solidarity Summit, racial justice, and a financial piece. Ms. Bustamante then shared an overview for the Holiday Program. She explained that the holiday program will be more spread out, take more space outside and include food distribution that will include home deliveries. The focus is to make sure that people are safe. To that point, Ms. Bustamante shared that SH will not be accepting toy donations. Instead, SH is asking for cash donations to be able to buy gift cards in bulk to distribute to families. Ms. Bustamante shared that we are still expecting to reach the same number of people and that the holiday website is active. Ms. Fisher asked if
we will be encouraging folks to not gather for the holidays. Ms. Bustamante shared that there will be constant reminders to maintain distance and safety protocols but no plans to actively discourage folks from gathering. Ms. Bustamante shared that she would circle back with Ms. Wright to craft specific guidance around convening.

Adjourn @ 1:13 pm
FINANCE & ADMINISTRATION COMMITTEE MEETING
Friday . September 25 . 2020 . 8:15am
Sacred Heart Community Service – via Zoom
1381 South First Street . San José . CA

MINUTES

Attendance: Melissa Morris, Bill Roth, Darren Seaton, Michael Soukup, Poncho Guevara, Melissa Lomeli

Financial Statements
Mr. Roth opened the meeting and Mr. Seaton reviewed the profit and loss statement with Mr. Soukup. Mr. Seaton noted that the organization was showing good results. The year to date result of the income statement showed a surplus YTD of $69k, and the actual was $272,996.

Mr. Seaton said he would explore further the variance foundation revenue of $287k and wanted to point out for the committee that gross wages and benefits were ahead due to the employment of temporary employees. Mr. Soukup noted that the government revenue registers a negative variance because the organization had been ramping up the Tenant Based Rental Assistance grant program and much of the direct rental assistance had not yet been expended.

Mr. Soukup reviewed the balance sheet and noted that the positive variance was $8.7M. He noted that there is significant networking capital, but the expenses have increased as well. The acid test showed liquidity that was slight less than 1:1. Mr. Roth urged the administration to look at a formal AP policy that could be adjusted to help with cash flow if needed.

The committee inquired and asked the administration to return with issues to prepare for contract negotiations with the organization’s bargaining unit.

The committee discussed the preliminary results of the audit and noted that it would be wise to reserve cash for the acquisition of a building.

Melissa Lomeli provided a HR update.

Mr. Seaton discussed technology saying that Luis Campos has been working to outfit the new building at 550 S. First Street and had been successful at working with Destination Home and Cisco to obtain new switches for the new facility. It was also noted that the current desktop support provided through Destination Home would be coming to a halt in November. Mr. Roth offered to find desktop support folks who could volunteer their time to aid Luis Campos.

Mr. Guevara noted that significant investment has been made into the Salesforce ecosystem and the newest program to enter it will be family assistance who is piloting electronic records and payment authorizations.

Mr. Guevara also noted that he had met with architects for 550 S. First Street and was working to outfit the space that would be Covid compliant. He then lead a discussion on the need for a facilities acquisition reserve.

Ms. Morris concluded the meeting at 9:18AM
AUDIT COMMITTEE MEETING
Friday, October 23, 2020, 3:30 pm
via Zoom

MINUTES

Attendance: Committee members: Donald Wright, Jim Gibbons, Jennifer Riva-Kirk, and Melissa Morris
Management members: Poncho Guevara, Michael Soukup, and Darren Seaton
Auditor representatives: Dan Moors, Namrata Popat and Aaron Joo

HIGHLIGHTS OF PRESENTATION BY AUDITORS TO THE COMMITTEE:

• The auditors are issuing a “clean” or unmodified opinion of the financial statements
• No material weaknesses were found in the internal controls of the Organization with respect to the financial statements and the Federal Awards
• No areas of noncompliance were found
• SHCS qualifies as a low-risk auditee under Federal Awards rules

Timeline review
The auditors discussed the audit timeline and key deadlines. Presentation to the Board will occur 10/30/20.

Summary of Key Audit Procedures
Namrata Popat outlined the Armanino audit approach and steps taken in the audit. The key audit areas included: Grants and Pledges receivable, Contributions In-Kind (Clothing and Food), Rental and Other Assistance, Compliance Audit in Accordance with the Uniform Guidance and Government Auditing Standards, and Internal Controls & Systems and Best Practices Implementation.

All numbers related to key audit areas appear to be fairly stated, per the auditors. No adjustments.

Required Auditor Communications

Significant Audit Findings:

1. Accounting Policies:
As described in Note 3 to the financial statements, the Organization has adopted Financial Accounting Standards Board issued Accounting Standard Update ("ASU") 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, with a date of the initial application of July 1, 2019, using the modified prospective method. The adoption of ASU 2018-08 did not have a significant impact on the Organization’s financial position, result of operations, or cash flows. With the exception of the adoption of ASU 2018-08 as described above, no new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2020.

2. Transactions for the year:
The auditors noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

3. Accounting estimates for the year:
The most sensitive estimates affecting the financial statements were:
Donated Clothing - was valued at $120.13 per bag (compared to $128.22 per bag for the year ended June 30, 2019). This valuation is based on a published study performed on eBay sales of used clothing, toys and other household items titled “It’s Deductible - Tax Year 2020 Software”. Donated Toys, Bedding, and Educational Materials - was valued based on a published study performed on eBay sales of used clothing, toys and other household items titled “It’s Deductible - Tax Year 2020 Software.”
Non-USDA Donated Food Value Per Pound - was valued at $1.74 per pound (compared to $1.62 per pound for the year ended June 30, 2019). This valuation is based on a cost study conducted for Feeding America.

USDA Donated Food Value Per Pound - was valued at $1.49 per pound (compared to $1.52 per pound for the fiscal year ended June 30, 2019). This valuation is based on a cost study conducted for Feeding America.

Investments - management's estimate is based on the fair values determined using unadjusted quoted prices in active markets for identical assets

Grants and Pledges Receivable Allowance for Uncollectible - management's estimate is based on the Organization's historical bad debt experience and assessment of collectability. Management's estimates of other indirect costs are based on salary expense.

Property and Equipment Useful Life - management’s estimate is based on the assets expected useful lives, which range from 3 to 39 years.

Functional Expense Allocation of Indirect Costs - management's estimate of indirect salary expense allocation is based on individual employee estimated time spent by function or time sheets.

The auditors evaluated the key factors and assumptions used to develop the above listed accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

4. **Difficulties Encountered in Performing the Audit**
The Auditors encountered no significant difficulties in dealing with management in performing and completing their audit.

5. **Corrected and Uncorrected Misstatements**
There were no material adjustments or misstatements.

6. **Disagreements with Management**
There were no disagreements with management regarding financial accounting, reporting, or auditing matters that could be significant to the financial statements or the auditor’s report.

7. **Management Consultations with Other Independent Accountants**
To the best of the auditors’ knowledge, there were no consultations with other accountants.

**Letter of Recommendations to Management**

1. **Donated Non-Food Items**
There have been problems in the past with the tracking of donated non-food items. During the audit it was noted that the Organization prepared and maintained a donated toys, educational materials and other non-food donated items schedule by month and quarter on a Microsoft Excel spreadsheet. The monthly totals were compared with the prior year monthly counts until February 2020. Since the pandemic started in March 2020 this comparison was done since the Organization was not accepting donated toys, educational materials and other non-food donated items. This recommendation has been implemented.

2. **TEFAP Program**
Details of improvements to the tracking of sign in sheets for the TEFAP Program were discussed.

3. **Fixed Assets/Depreciation Tracking Software**
The auditors recommend as a “best practice” that the Organization consider obtaining estimates for depreciation software packages and if cost effective invest in such a software package. It could assist in keeping the depreciation accurate and up-to-date because the software calculates the depreciation automatically on a monthly basis. To date Management has not considered this a cost-effective priority given the current challenges and the relative simplicity of monitoring this issue manually.
Audit Draft Walk Through
Dan Moors discussed the audited financial statements. His comments included, among other things, the following:

• the auditors were issuing a clean opinion on the financial statements.

• in recognition of the pandemic's effect on the Organization, note #18 to the financial statements reminds the reader of the uncertainties that it introduces going forward

• cash and its equivalents are up substantially this year improving both the current ratio and the number of months of operating reserve held by the Organization

• despite the large increase in revenue and activities, personnel and administration expenses were held in check. As a result, many efficiency scores were boosted this year. These kinds of efficiencies contributed to strong ratings with Charity Navigator

Standard Auditor Closing Discussion with Audit Committee members only
Management representatives Poncho Guevara, Michael Soukup and Darren Seaton departed the meeting. The auditors indicated they had no issues that they needed to discuss privately with the Audit Committee.

Jim Gibbons raised the issue of potential abuse in the use of gift cards to distribute funds for Destination:Home. He asked that this area be specifically identified in the high-risk audit area if it carries forward during the current fiscal year.

Motions
Motion by Donald Wright, seconded by Jim Gibbons that the Committee recommends to the Board that they accept the audited financial statements reviewed here by Armanino. Unanimously approved.

Motion by Donald Wright, seconded by Jim Gibbons that the Committee meeting be adjourned. Unanimously approved.