

Anazao

RESPONSE TO QUESTIONS ORRVILLE AREA UNITED WAY CITIZENS REVIEW PANEL FALL, 2016

The panel felt this proposal was well written and has good measurable outcomes. One concern is they rely heavily on grants. Income sources are not proportionally diversified.

1. Why are you asking for an increased amount over last year when your revenue/expenses has been +45,528 in 2015 and is projected at +\$72,855? What do you do with the surplus?

The funding request for 2017 is at the level of our 2015 funding prior to the cuts in 2016. As with any business, each "unit" of the business is evaluated both programmatically (outcomes) and fiscally. Some of our program units because of billable fee for service structure may be operated on better margins than others. In every case, the goal for each program unit, at minimum, is to operate at a break-even point. When the agency is able to achieve a surplus, that surplus is held as an operating reserve. According to the National Council of Nonprofits, it is incumbent upon nonprofits to achieve and maintain an operating reserve with six months being the recommended target. While this is a challenge in today's economic climate, the Board of Directors of Anazao Community Partners has established a minimum goal of a two month operating reserve (approximately \$320,000).

2. The vast majority of your income is grant based. Do you have a plan in place to fund the program if you do not receive the level of support you currently receive via grants?

It is not completely accurate to state that the vast majority of our funding is derived from grant based revenue. Over 50% of our program services are fee for service billed to the Mental Health and Recovery Board, Medicaid, insurance and private pay. With that said, an ongoing challenge for our agency as well as most behavioral health providers is to sustain unbillable grant funded programs many of which are vital to the health and welfare of the community. In all cases, Anazao is committed to the continuity of program efforts. Agency reserves may be used to maintain critical programming until alternative funding can be obtained. Ultimately, the possibility exists that programming may be reduced or eliminated if adequate funding cannot be maintained.