

I. Call to Order – 1:30

II. Establishing a Quorum: Present: Colleen James, Shirlie Gribble, Alanna Greear, Janice Todd, Sharm Setterquist, Tiffany Story, Miker Jimerson, Milli Martin. Staff: Sarah Weideman

III. Pledge of Allegiance: Respected

IV. Approval of Agenda: Milli so moved, Mike seconded, Unanimous vote for

V. Approval of Minutes

A. 11 December 2024 Minutes. Milli moved, Sharm 2nded, unanimous approval

VI. Public Comments on Matters on the Agenda (3 minutes each): None

VII. Resident Council minutes: None today

VIII. Committee Reports

A. Finance, Grants & Funding Committee: Alana Greear:

a. IRS placed levies on all accounts. 4 BofD and Nona Safra have called Murkowski, Begich, Sullivan, Kelly Cooper, Micciche, Stevens and many other community organizations and community leaders & members.

b. Sarah will expand

B. Policy & Quality Assurance Committee: Colleen James

a. Policies (for Board) have been rewritten and will be posted

C. Membership & Nominating Committee: Tiffanie Story

a. Ballots with instructions were mailed to members 15 April 2025

b. Member meeting next month for new officers, Rewritten Articles and rewritten bylaws.

D. Fundraising Committee: Michael Jimerson and Sharm Setterquist: None

E. Community Advisory Committee: Shirlie Gribble

a. Eagle Scout's project has been approved. Angie Newby will help solicit funds to cover expenses

F. Bylaws Committee: Tiffanie Story:

a. All adjustments to bylaws have been made so Bylaws will agree with the Articles

b. Chart of changes is included in voting packet to explain changes

G. Gaming: Michael Jimerson and Sharm Setterquist: None

IX. Executive Director's Report:

SHRM guiding principle: Policy over politics...Major setbacks this past month

A. IRS Finances:

- a. IRS: \$130,000+ swept from bank accounts in Homer. IRS found other accounts which we did not know of (TikTok). Also affected Medicaid payments.
- b. Our IRS agent's last day: 4/18. IRS 'cleaning house'. We were working on a payment plan, with \$10,800/month x 114 months.
- c. IRS gave us 21 days before funds are removed from the banks. Must pay our payroll tax (about \$23K) or back taxes will be due in full immediately.

B. Forensic rebuild of Accounts:

- a. Discovered Bank of America card. We thought inactive with a \$9 K balance.
- b. Note: if no payment in 3 months, BofA cancels a card. It appears someone has been using the card and making payments.
- c. HSCInc has *not* been receiving statements nor collection calls.
- d. 20 cards issued. 17 remain active. Sarah is unable to get info since she isn't authorized on account. They did get 3 names, none had worked for HSC for 5-10 years. BofD will make a resolution to place Sarah's and [3] board members as signers on the card so we can get back statements and more information.
- e. Special Venders: big round payments to 'special 10 venders', \$3K-\$7K
- f. Special request to Global to track ACH transfers. All of this is taking a very long time since we must wait for banks to get back to us with the information.

C. HSC has never had a Budget: Impossible to do now until books rebuilt. We are in the process of making one.

D. Chapter 11 Bankruptcy:

- a. We are in survival mode. Restructuring is needed.
 - i. ADS closed (currently no outside participants), Plan: how do other ADS get outside participants who'll bring in needed outside income to cover needed staff and supplies. Current ADS employees will move to Assisted Living where we have openings in staffing. Plans are being made to reopen in the fall.
 - ii. Office staff will be cut as we desperately need staff to help rebuild books and other multiple skills.
 - 1. Staff changes will save about \$45,000

- iii. Kitchen: staff may be cut as some staff leave for summer; Jimmy is addressing cheapest way to purchase foods. More foods from scratch, use what we have.
 - b. Rebuilding finances, new unpaid vendors keep being discovered as books rebuilt. We are not done uncovering unpaid bills.
 - i. Altman (CPAs) not paid in over 3 years, balance is \$52,000. They will make copies of records sent them so we can compare with rebuilt books. Old management may have sent altered documents.
 - c. Sarah is looking for a bankruptcy lawyer with expertise in Nonprofits.
 - d. Chpt. 11 will allow us to stay open. Work out payment plans with vendors, protect us from HSC Inc's creditors. Bankruptcy will NOT remove any of the unpaid Payroll Taxes. These will be due until paid.
- E. Swatzell Apt Failure
- a. Baby wipes and grease took out the lift stations. Polluting 4 apartments with human waste. The lift stations were both covered with baby wipes.
 - b. \$60k. plus 10 hours for a plumber.
- F. Sarah: If you have questions, please email her and she will get back to you.

X. President's Report: none today

XI. Conflict of interest: none

XII. Informational Items: none

XIII. Unfinished Business: none

XIV. New Business:

#1. Motion for: Resolution # 9581 Credit Card update which will allow the two members of the executive board along with Sarah to be placed on the newly discovered Bank of America Company Credit card so that the cards can be canceled. Alana so moved; Tiffanie seconded

#2. Motion for: Certification of the Poll vote to approve the changes in the AIO. Janice so moved; Sharm seconded

#3. Motion for: HSC will participate in the fund-raising live comedy event on May 7, 2025, at the Porcupine theatre by applying for a nonprofit event permit. Milli so moved; Tiffanie seconded

#4. Motion for: HSC to seek a nonprofit attorney to file for Chapter 11 so HSC can reorganize while continuing to provide services to the residents and the community. Milli so moved; Janice seconded

XV. Comments from the Public (3 minutes). Because many questions were anticipated, and to make it easier for the members participating, comments were allowed in response after the Executive's report for today.

XV. Comments from the Public (3 minutes). This was actually done after the Executive's report for today.

- A. Will people responsible for these financial problems be held responsible?
Namely: KK, CB and the previous board members?
 - a. It is up to the IRS to decide what to do about the unpaid taxes. It is possible the FBI will step in. What was done is so sneaky and difficult to track or find, it does not appear to be ineptness. Legally, past board members can be held responsible.
- B. Bank of America Credit card: will past employees be removed from the CC?
 - a. They will be removed. Sarah W and [three] board members will be added to the card as authorized signers. [It will be strictly monitored!]
- C. CPA (Altman) and attorneys' responsibility
 - a. CPAs firm receives documents from HSC provides. It is the board Treasurer and the board's fiduciary responsibility to verify these reports as accurate and true.
 - b. Connie was 'too busy' for reports to the Board of Directors
 - c. Lawyers retired at the end of 2024. Catrina is going through old board minutes, etc. looking for any information on recommendations, etc.
 - d. Foraker: "Connie is great"
 - i. Payment for Foraker, CB said there was a community grant. No record or details on this.... There was no grant.
- D. Grants: Sarah is trying to continue grants. Vague notations: "no changes to program" so hard to verify HSC has met deliverables.
There may have been a \$250,000 Transportation Grant, but unverified. No details
- E. Liabilities (other than overdue accounts payable)
 - a. 3 mortgages. (Northrim) 2 are current, 1 is 3 months behind (was 5 months where Sarah started)
 - b. One (1) note for land with a private individual
- F. Currently going back through 2023 and 2024 when payroll taxes were not paid. Are current with 2025. We will be going back further, seven (7) years, since we keep finding holes and errors.

- G. Is there a Plan B??? Yes.
 - a. If we cannot make payroll.... Staff dedicated and wonderful. They are willing to accept late checks. Every staff member has offered to 'stay'
 - b. A care facility up the street is closing, the hospital has no room. We will be accepting new residents, which will help.
 - c. Medicaid waivers were also hit. Only sent out Wednesday and Fridays.
- H. Levies: IRS filed them 4/8/2025. Have until 4/29/2025. A one-time levy means they will, (at end of 21 days if we don't fulfill their demands) they will take everything in the account. Can not repeat this until we have another agent (and our agent was laid off).
 - a. Ball park figure owed: \$805,000
 - b. 100% penalty
 - c. We are looking for a Bankruptcy Lawyer who specializes in nonprofits.
- I. Fundraisers:
 - a. Donations: online, or check. Bank account at Northrim, was just opened, so not included in the levies.
 - b. Porcupine Theatre will host a live comedy show during Shorebird Festival.
 - i. One time beer-wine permit
 - ii. We get percentage of proceeds
 - c. Can we see the raw land on Main?? No, there is a lien on it. And the agreement since we still owe on it, prevents selling. One member would like us to look toward the future to building some very nice facilities...
[IRS could force us to sell with all proceeds going to our IRS debt]
- J. What legal action will be taken.
 - a. At some time, heads will roll. Past board members, and employees can expect a call at some time from the IRS, or even the FBI.
- K. What about funds at Homer Foundation?
 - a. We can get a 0%interest loan of \$20,000, but we cannot take out the entire deposit (about \$117,000)
 - b. Homer Foundation we draw from our fund, but since funds are invested so are not completely liquid and their mission is to grow an endowment to draw from.
 - c. Perhaps consider having both HF and Edward B Jones, which would be more liquid?
- L. Bankruptcy: Chapter 11
 - a. Payroll tax will not go away until paid.
 - b. 433B IRS payment plan. IRS is paid before any other debts.

- i. We stole from the government
- c. We will continue as we are, but restructure
- d. We must account for and justify the cost of care for every individual in our facility. Only then can we raise rates (rents are not going up at this time!)
- e. We will be protected so vendors cannot cut us off, but payment plan worked out. Many vendors have graciously carried us.

XVI. Executive Session: none

XVII. Comments from the Board of Directors:

Colleen: DO NOT FLUSH 'Flushable" BABY WIPES AT ANY TIME!!! Do NOT DUMP Grease down the Drain!

XVIII. Moment of Silence

XVIII. Adjournment: 3:30

Next Meeting Date and time: Member meeting: May 15, 2025. At 1:30. In Cafeteria

Next Board meeting: May 21, 2025. At 1:30. In Activity Room.

Respectfully submitted,

Janice Todd

Secretary