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## **ILLINOIS LATE PAYMENTS THREATEN TEMPORARY OR PERMANENT CLOSURE OF RRAF**

**An Open Letter to the Families, Friends, Employees, and Stakeholders of RRAF –**

The greatest challenge I have faced in my nearly two decades with RRAF is the current Illinois budget crisis and its disastrous impact to RRAF. Last year the state budget shortfalls caused state payments to be routinely late, with payments which seem to be chosen arbitrarily. We survived by careful planning, staff cutbacks, elimination of SEP-IRA benefits for staff, my working without salary, and just plain luck.

This year the picture is much worse. My last significant payment from the state was received in January. I did receive one payment for \$346 in February and another for just under \$303 in March. The total that the state owes RRAF as of today is approximately \$118,000, and this includes amounts due for services rendered as far back as last November.

RRAF's cash reserves expected as of March 31<sup>st</sup> are approximately \$18,000. Generally RRAF spends approximately \$32,000.00 cash per month on salaries, mortgage payments, and all of the other costs involved in providing services.

What this means is that unless the state makes a significant payment to RRAF soon, RRAF will have sufficient cash to continue operations only to April 30<sup>th</sup>. After that RRAF will have no choice but to cease operations.

I cannot tell you what this means in the long run. I would like to think that any cessation of services would be short term, and when the state does catch up in its payments, we could resume operations. That is my optimistic view. But even that picture would be disruptive to the people we serve, and would be financially harmful for our dedicated employees. In addition, some way would need to be found to continue making mortgage and insurance payments in order to be certain that our wonderful facility remains available to us.

As I write this do know that I have requested that the state make emergency payments to us ongoing. In normal times this action would generally result in fast action. However, these are not normal times, and I am sure that I am not the only service provider taking this step.

I wish there was more to tell you, but there isn't. Time will tell us whether the state will allow us to remain, or to close, perhaps forever. If this picture changes I will let everyone know immediately.

Sincerely,  
Marilyn Flanagan,  
Executive Director/President

**“WHERE REALITY IS RESPECT, APPRECIATION AND FULFILLMENT”**

# THE FINANCIAL FACTS AS THEY WERE PRESENTED TO THE STATE OF ILLINOIS

1. At June 30, 2008, RRAF had a cash reserves level of \$43,109, with a total Accounts Receivable level of only \$20,616. By June 30, 2009 our cash reserves level had decreased to \$14,970, with a total Accounts Receivable level of \$113,583, 99% of that amount owed to us by the State of Illinois. In fact, in order to survive during Fiscal Year '09 a total of almost \$65,000 had to be cut from our budget - a number that equals a full 15% of budgeted expenses. In order to do that we had to eliminate a SEP-IRA distribution for employees at year end and live without filling an open direct care slot all year, among other cuts. And, beyond drawing down our cash reserves by \$28,000, an extra \$13,000 was raised through increased fundraising efforts.
2. Now at March 31, 2010 we project a cash reserve level of about \$18,000, with a total Accounts Receivable level of almost \$120,000. This represents the same picture as above, but at a period of time three months earlier than last fiscal year. And, without knowing when we are expected to receive additional income from the State, we are now at a point where we will close by April 30, 2010 if having to live on our cash reserves alone. If our request for hardship payments is not approved, RRAF may no longer be in operation to provide services as of that April 30<sup>th</sup> date. Likewise, the employees of RRAF will need to be laid off.
3. The chart below represents the revenue RRAF has received during Fiscal Year '10 and our ongoing monthly cash expenses. This is not based on budgeted figures, but actual cash outlays.

<u>Month</u>	<u>State Reimbursements</u>	<u>Fundraising, Interest and Contributions</u>	<u>Cash Expenses</u>
July 2009	(*) \$27,912	\$13,400	\$40,164
Aug. 2009	(*) \$82,050	\$12,470	\$31,640
Sept. 2009	None	\$19,201	\$33,756
Oct. 2009	(**) \$36,459	\$11,660	\$46,690
Nov. 2009	(**) \$33,838	\$5,666	\$30,600
Dec. 2009	(**) \$36,347	\$12,692	\$34,027
Jan. 2010	(**) \$23,263	\$3,536	\$38,684
Feb, 2010	(**) \$ 346	\$17,665	\$29,478
Mar. 2010	(**) \$ 303	To Date: \$14,955	Projected: \$32,153

(\*) These amounts represent FY'09 payment reimbursements received during FY'10.

(\*\*) The total received for FY'10 to-date represents \$130,253 of the \$212,765 billed and approved by the State (or 60%). At this time we have not received any reimbursements from any bills approved for December, January, and February, along with only a portion of that owed for November; even a training reimbursement request that was submitted in August 2009.

Continued on Page 3

## UNRESTRICTED CONTRIBUTIONS: (February 16, 2010 to March 31, 2010)

## IN MEMORY

**Dawn Carnes**  
Bob and Donna Resuali

**Helen Foale**  
Paul, Dolly and Chris Sifter  
Ray, Genie and Mary Urick

**Bill Galivan**  
Paul and Cindy Habura

**Thomas McGinnis**  
Michael and Regina Carlson  
Kathy McGinnis  
Bob and Bonnie McLaren  
Dick and Betsy Merrill

**Lillian Moede**  
Roger and Sandy Davis  
Richard and Mary Ellen Kelly  
Ron and Lynn Samuel

**Rik Rikkels**  
Penny Anderson



## IN KIND

Costume and Antique Jewelry

Diane Ambrose  
Holly Fisher  
Katrina Fisher  
Mary Grossman  
Julie Jilek  
Marilyn Schmid  
Marianne Wachholz

## GENERAL

Friend (\$10—\$49)Sponsor (\$50—\$99)Centurian (\$100—\$499)

Ron and Sue Metty

Benefactors (\$500 and above)

Knights of Columbus,  
Council 9893,  
St. Matthew's Church  
Marge Nystrom

## IN HONOR

**Jack Buckingham**  
Kathy McGinnis

**Roger and Sandra Davis**  
Rod and Dolores Schwartz

**Bonnie Habura**  
Chet and Dolores Kochanek

**Bob and Donna Resuali**  
Roger and Sandra Davis

**Carol Setecka**  
Lorraine Morrall

**Steve Stojanovic**  
Alex and Judi Stojanovic

**Mary Urick**  
Eleanor Petrick

**Elizabeth Vrona**  
Rita Vrona

Continued from Page 2

4. The percentage of revenue that is attributed to DHS clients served is at a 71% level as due to this ongoing payment crisis and the continued lack of cost of living increases, RRAF has had to do an extremely large amount of fundraising in order to keep cash in our accounts.
5. A portion of our available cash reserves these past two years has also had to be allocated to principal prepayment so that any decrease in our property's appraised value due to the housing market collapse would not negatively impact our refinancing position – a critical focus area as our 5-year balloon comes due in early June 2010. We are currently in negotiations with our bank to complete this process early before rates increase in coming months as they are expected to do so.
6. It should be noted that all RRAF Board members serve on a totally voluntary, unpaid basis and that the Executive Director, has not cashed a paycheck since it became evident in early February that reimbursements were again slowing down. This will continue until such time as all other budget areas are taken care of and is something that she has done often over the past two years. We can also add that the entire \$4,125 cost for our recent CARF accreditation survey was paid for personally by the Executive Director through a waiving of salary – an expense the agency has yet been able to repay her for.

