



FINANCE & AUDIT COMMITTEE MEETING MINUTES
Thursday, August 20, 2015 at 9 a.m.
15506 County Line Road, Suite 103
Spring Hill, FL 34610

Committee Members Present: Pat McHugh, Chair; Gus Guadagnino

Committee Members Present via Phone: Dr. Amy Anderson, Cathy Dofka

Committee Members Excused: None

Committee Members Unexcused: None

Coalition Staff Present: Jim Farrelly, Rachel Hardy, Jak Jakubauskas

Others Present: Dr. Steve Kanakis, Jim Kimbrough, SunTrust Bank

I. Welcome and Call to Order

Mr. McHugh called the Finance/Audit Committee to order at 9 a.m. and welcomed Committee members.

II. Review and Adoption of Draft Minutes from Finance/Audit Committee Meeting of July 20, 2015

Mr. Guadagnino requested a motion to approve the minutes of the July 20, 2015 Finance/Audit Committee meeting as presented. Mr. Guadagnino so moved and Ms. Dofka seconded the motion. All were in favor with no abstentions and the motion carried.

III. Review, July 2015 Financial Statements

Ms. Hardy reported the Coalition is in good standing with the spending rates within the maximum and minimum requirements and 82.66% was spent on Direct Services for the year. Ms. Hardy reported that \$49.53 has been received for match funds bringing the year to date total to \$49.53.

She explained the Utilization report indicates a projected surplus of \$1,600,000 due to the low enrollment. However, the waitlist has been opened with 300 slots available. Mr. Farrelly explained the surplus is misleading at this time of year due to the difference in children's enrollments into the program during the summer months. The waitlist had over 1,000 children and only 300 slots were opened. These slots will cost about \$1,000,000 for a year. Mr. Farrelly stated the goal is to have these 300 slots filled by the end of August and after a review of the August financials, additional slots will be opened.

Ms. Hardy reported the VPK Direct Services spending was 1.63% with administrative costs at 19.17% for the year. The higher administrative cost is related to the smaller

number of summer VPK programs. The cost should decrease next month with the start of the school year and new VPK programs. Mr. Farrelly stated about 4,000 children have been enrolled to date in the VPK program.

Mr. McHugh requested a motion to accept the July financials as presented. Mr. Guadagnino so moved and Dr. Anderson seconded the motion. All were in favor with no abstentions and the motion carried.

IV. Review/Approval, \$12,468 Payment to SAGE for HR/Payroll Module (Includes \$3,300 in set-up and training)

Mr. Farrelly explained this item has been approved at this morning's Executive Committee meeting so no action is necessary. He explained the in-house payroll system will be live as of January 1, 2016. Other staff members to be trained on the system in addition to Ms. Hardy are Mr. Chris Nelson, Accountant and Ms. Pattie Eacobacci, Office Manager who currently handles payroll.

V. Review, Proposed Overtime Rule Changes from U.S. Dept. of Labor and Potential Impact on Coalition

Ms. Hardy reported the Department of Labor is discussing overtime changes that will go into effect as of January, 2016. These changes will affect how exempt and non-exempt employees are paid overtime. Salaried employees making a certain amount will be eligible for overtime. Mr. Farrelly stated these staff hours will be watched closely and the salary budget in next year's budget may need to be increased.

Ms. Hardy stated more information will come from the Department of Labor and a policy will be implemented when the rule is finalized.

VI. Review, Survey Results for Banking Options

Mr. Farrelly explained the Committee had directed a survey of banking options be done as one has not been done within the last five (5) years. Ms. Hardy has contacted several local banks and has one full proposal and is awaiting two (2) others. The proposals are from Florida Community Bank, Bank of America and Suncoast Federal Credit Union.

Highlights in the proposal from Florida Community Bank include lower monthly fees, higher interest rate, FDIC insured, appropriate treasury management program, gap coverage of \$100,000 at prime plus zero percent and all fees waived for the first twelve (12) months.

Mr. Kimbrough stated that Adam Horne could not attend this morning's meeting, but SunTrust Bank has enjoyed a good relationship with the Coalition and has served the community for 110 years. SunTrust would welcome the opportunity to prepare an RFP.

Mr. McHugh stated he is asking for the best effort for comparable services. He explained the Coalition needed a \$30,000 bridge loan and paid an absurd amount for a seven (7) day loan.

At this time, Mr. Kimbrough read from emails that had been sent between Mr. Farrelly and Mr. Horne. He highlighted banking costs incurred for booking and drafting legal documents and stated the bank took a loss in 2010 when the Coalition required a \$250,000 bridge loan as the \$2,500 in fees did not cover all the expenses. Mr. Kimbrough stated the cash advance fee has remained at 3% since 2011 and Mr. Horne would be happy to assist the Coalition in dealing with the state to change their terms.

Mr. Kimbrough stated that Mr. Farrelly's email to Mr. Horne stating that the fees to cover the expenses directly impacted children stressed him. As a tax payer, he is concerned and stated that SunTrust Bank is not a non-profit bank and to suggest that the bank is taking dollars from children stings. He finds it offensive and resents having it in writing. He feels his staff have responded well and action should be taken on the part of the legislature to re-structure the system as every business needs cash and banks provide that service.

Mr. Kimbrough asked Committee members for their reaction to Mr. Farrelly's emails. Mr. McHugh answered that the Committee stands behind those comments.

Mr. McHugh stated the Committee will continue to search and save every dollar to be able to serve children and is receptive to Mr. Kimbrough's ideas, but will evaluate all proposals and choose which has the best benefits for children.

Mr. Kimbrough stated that the amount paid to Coalition staff should be reduced and donated to children.

Dr. Kanakis apologized to Mr. Kimbrough for upsetting him, but the money used for fees does come from Direct Services for children.

Mr. Farrelly stated the Coalition has banked with SunTrust for a long time and explained the \$2 million mistake on the part of the state that had occurred several years ago. He stated that a remark made by Mr. Kimbrough stayed with him, "...show me that my organization, SunTrust Bank, suffers by not contributing to your organization and we will contribute."

Mr. Farrelly stated that Florida has 30 coalitions with varying degrees of associations with banks. Some may have bank members on their boards or as major sponsors. This Coalition does not and SunTrust Bank has only participated in one event – Spelling Bee. The Coalition wants a lasting experience and a community partnership with its bank.

Mr. Kimbrough stated SunTrust Bank tries to touch as many non-profits as possible. The bank believes in the Coalition and in building a lasting relationship. Mr. Kimbrough left the meeting at 9:45 am.

Mr. Farrelly stated that bank comparisons will be brought before the Committee at the September meeting.

VII. First Reading, Revised Conflict of Interest Policy

Ms. Hardy stated that OEL had sent specifics due to a new OMB circular (Office of Management and Budget) and the changes are reflected here.

VIII. First Reading, Revisions to Allowability of Costs segment of Fiscal & Accounting Policies

Ms. Hardy explained that OEL also had specific changes to the Allowability of Costs contained within the policy.

Both policies will be brought back to the September meeting for a second reading.

IX. Discussion, Renewal of Annual Bulk Mail Permit

Mr. Farrelly stated the permit is only used once per year for the Match solicitation mailing. Ms. Jakubauskas explained the donations that had been received from the mailings in the past had covered expenses except for the last mailing. No mailing was done in FY 2014-15.

After a brief discussion that included the high rate of bulk mail that is not opened by recipients, the Committee agreed that an email solicitation may be more feasible. The Committee agreed not to renew the bulk mail permit.

X. Forecasting for SR Direct Services Spending

Ms. Hardy stated this was covered briefly under Item III.

XI. Discussion, Scheduling Next Meeting September 21, or 24, 2015

The Committee decided to schedule the next Finance/Audit Committee meeting on Thursday, September 24, 2015 at 9 am.

XII. Public Input

None.

XIII. Adjournment

Mr. McHugh adjourned this meeting of the Finance/Audit Committee at 9:55 am without further discussion.

Respectfully submitted by,

Ramute "Jak" Jakubauskas
Administrative Assistant