



FINANCE/AUDIT COMMITTEE MEETING MINUTES
Wednesday, June 16, 2010 at 4 p.m.
15506 County Line Road
Spring Hill, FL 34610

Committee Members Present: Elizabeth Callaghan, Chair

Committee Members Excused: Susan Arnett

Committee Members Present via Phone: Bonnie Clark, Debora Martoccio, Pat Mulieri

Staff Present: Jim Farrelly, Ramute “Jak” Jakubauskas, Betsy Kier, Bill Kleinsorge

I. Welcome and Call to Order – Ms. Elizabeth Callaghan, Chair

Ms. Callaghan called the meeting of the Finance/Audit Committee to order at 4:03 p.m. Introductions were made. Ms. Callaghan requested a motion to approve the Draft Minutes from the May 26, 2010 meeting. Ms. Mulieri so moved and Ms. Martoccio seconded the motion. All were in favor with no abstentions and the motion carried.

II. Coalition’s Bank Account

Mr. Kleinsorge stated that last month he reported that one of AWI’s requirements is the Coalition have a checking account that earns interest. Currently, the Coalition has an account that earns credits to offset bank fees, but does not earn interest. Mr. Kleinsorge discovered that each ACH transfer to a provider, approximately 700 transactions per month, would each equate to a transaction. He stated the Coalition has a choice to make, either obtain an interest bearing checking account or pay the bank fees, which are not reimbursable.

Mr. Farrelly stated that the expense would be substantial to follow AWI’s guidelines. He recommends additional research by looking at what other Coalition’s are doing, checking with other banks, reimbursement of fees, completing a financial analysis of both options, etc.

III. Discussion on Seeking Short-Term Line of Credit for End of Year Funding

Mr. Kleinsorge explained that AWI gives the Coalition an advance at the beginning of each fiscal year to meet end of year expenses. At the end of the fiscal year, which is June 30, 2010, AWI requires the advance be returned and the new advance will be sent on July 9, 2010. This will cause a financial hardship for the Coalition’s cash flow for about three (3) weeks. In past years, CDS funded the cash advance out of their funds.

Mr. Farrelly reported that the Coalition has two choices, cash reserves which we do not have or obtaining a line of credit. He explained the interest rate on the line of credit through SunTrust is between 2-3% above prime and estimated expenses would be between \$2,525-\$2,640; these costs would be unfunded and not reimbursable.

Mr. Farrelly stated that the Coalition anticipates this gap next year as well. However, once established, the line of credit would be open and the Coalition would only have to pay interest should the line of credit be used. Mr. Kleinsorge spoke with SunTrust, Bank of America and Wachovia and submitted application portfolios. Mr. Kleinsorge learned that Bank of America does not offer a line of credit to non-profits and Wachovia has a 3-4 week processing time.

Ms. Callaghan requested a motion to obtain the Board of Directors approval to apply for a line of credit for end of year funding. Ms. Clark so moved and Ms. Martoccio seconded the motion. All were in favor with no abstentions and the motion carried.

IV. Status/Transfer to SAGE Accounting System

Mr. Kleinsorge reported that both Ms. Jakubauskas and Ms. Eacobacci have had training on the SAGE accounts payable module. He stated the Coalition is still in the process of transferring information into SAGE. He recommends delaying the start up of SAGE until at least October, 2010.

Mr. Kleinsorge reported that accounts payable needs to be up and running which QuickBooks is currently doing. Mr. Farrelly stated that hours of staff training are still needed for SAGE and this would include the new Finance Director, Accounts Payable Manager and one additional staff member at a rate of \$250/hour for training. He also recommends delaying the start-up of SAGE until at least October, 2010.

V. Preliminary Review of FY 2010-2011 Budget (attached)

Mr. Kleinsorge reviewed School Readiness grants, ARRA funds, VPK funds and expenses to providers with the Committee. He stated salaries are higher because last year they were under budget. He stated that FICA and payments to the retirement plan were not in the budget last year.

Office expenses decreased because last year's budget included the purchasing of a van. The new budget includes the purchase of a SAGE payroll module. Occupancy was also over budget last year and this line item includes rent, electric, etc. Contract Services was under budget last year. Mr. Kleinsorge stated he increased it this year by 3%.

The School Readiness Program will have \$1.6-2 million less for reimbursements as there will be no additional ARRA funds this year. Mr. Farrelly stated the Coalition will run a very austere administrative budget and administrative spending will be held to 3.76% as there will be \$2 million less to spend on children next year.

Ms. Callaghan requested a motion to present the FY 2010-11 Budget to the Executive Committee for approval. Ms. Mulieri so moved and Ms. Martoccio seconded the motion. All were in favor with no abstentions and the motion carried.

VI. Discussion, Next Meeting Date on July 14, 2010 at 4 p.m.

The Committee agreed their next meeting date will be Wednesday, July 14, 2010 at 4:00 p.m.

VII. Public Input

None

VIII. Adjournment

Ms. Callaghan requested a motion to adjourn the Finance/Audit Committee meeting. Ms. Clark so moved. The meeting adjourned at 4:40 p.m. without further discussion.

Respectfully submitted by,

Ramute "Jak" Jakubauskas,
Administrative Assistant