

**Healthy Start Coalition of Flagler and Volusia Counties, Inc.  
FINANCE AND ADMINISTRATIVE OVERSIGHT COMMITTEE MEETING**

Date: Friday, February 4, 2011

Start Time: 10:05 a.m.  
End Time: 11:30 a.m.

Location: Healthy Start Coalition, 135 Executive Circle Suite 101, Daytona Beach, FL.

Members Present: Sheri Cobb, Chris Fulton, Christopher Campbell, Katrina Bell (for Isalene Montgomery)

Members Absent: None

Agenda Item	Summary	Action	Follow-Up	Date
I. Welcome	The meeting was called to order at 10:05 a.m.	N/A	N/A	N/A
II. Approval of Meeting Minutes of November 12, 2010	Ms. Cobb shared information with the committee regarding revised regulations pertaining to FDIC insurance related to the concentration of credit risk note in the audited financial statements and provided Ms. Morgese with a copy of the revised regulations for reference. The minutes of the 11/12/10 meeting were then approved by consensus.	Minutes approved by consensus.	This will be communicated to the Board of Directors.	
III. Second Quarter Year End Financial Reports	Ms. Wilson presented the second quarter financial statements and provided clarification regarding several budget versus actual expenditures questions. Ms. Wilson reported that year to date the agency was in good shape financially, with an overall expenditure rate of 47% and strong cash flow.	N/A	N/A	N/A

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<p>IV. Old Business</p> <p>Capital Campaign/Building Purchase</p>	<p>Ms. Morgese provided an update regarding locating and purchasing property for a new home of the agency. She reported that the agency has signed an intent to purchase agreement for the property at 109 Executive Circle for \$410,000.00. The agreement was signed by the mortgage holder, Fifth-Third Bank, last Friday 1/28/11, and the due diligence period in the agreement is 45 days.</p> <p>Ms. Morgese provided information regarding the building and the intent to purchase agreement, and indicated that the agency had submitted a \$20,000 refundable deposit upon execution of the agreement.</p> <p>Ms. Cobb indicated that she would feel more comfortable if the agency looked into purchasing a building for a lower price (\$250 to \$300K) and voiced a few concerns regarding the potential purchase:</p> <ol style="list-style-type: none"> <li>1) That the agency will need to use the “lions share” of its “reserves” for the 20% down payment of about \$80K, and the agency has had to rely on approximately \$20,000 - \$30,000 a year from its reserves to cover operating cost deficits in its state-contract cost centers. Ms. Morgese responded that utilizing reserves for an asset would prevent “chipping away at reserves” and it would be her responsibility to budget accordingly and raise funds next fiscal year.</li> <li>2) The potential liability of high unanticipated expenses that accompanies owning a building/property as compared to renting office space. Ms. Morgese responded that this would be addressed during the due diligence period.</li> </ol> <p>There was further discussion regarding estimated occupancy costs for the building and the due diligence period. Ms. Morgese asked the committee how they would like to be kept informed of the status of the potential purchase during this time frame, and she offered to send</p>	<p>N/A</p>	<p>Staff to follow up on all due diligence period research. Ms. Morgese to provide status reports to committee on a weekly basis during period.</p>	

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Indirect Cost Rate - tabled	<p>regular updates during the due diligence period prior to reporting to the Board of Directors.</p> <p>Ms. Bell confirmed that the agency would be adhering to governance regarding construction costs.</p> <p>Ms. Wilson reported that the agency's subcontracted CPA would commence work this quarter on applying for an indirect cost rate for the agency now that the FY09/10 audited financial statements have been completed and approved.</p>	N/A	N/A	N/A
<p>V. New Business</p> <p>2009 Tax Return (Form 990)</p> <p>Selection process for external auditor fy10/11</p>	<p>Ms. Wilson reported that an extension had been requested and approved (until 5/15/11) by the subcontracted CPA for filing the agency's 2009 tax return. It was anticipated that the final draft of the return would be completed within the next month. Upon completion, the return will be forwarded to the Finance &amp; Administrative Committee for your review and recommended approval, and to the board of directors for final approval.</p> <p>Ms. Wilson reported that the agency would be requesting bids for audit services for the FY10/11 audit during the next month. Once all bids are received, staff will compile the information for review and recommendation of the committee. A letter of engagement will be signed by the end of May.</p>		<p>Staff to review final draft of 2009 tax return then distribute to Finance &amp; Administrative Oversight Committee &amp; Board of Directors for review and approval.</p> <p>CPAs to file return</p> <p>Staff to send out request for bids for audit services.</p> <p>Finance &amp; Administrative Oversight Committee to review proposals and make recommendation</p>	<p>By May 15, 2011</p> <p>By February 28, 2011</p> <p>By April 15, 2011</p>

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			regarding engagement of CPA firm.  Sign engagement letter with auditing firm.	By May 31, 2011.
VI. Adjournment	Meeting adjourned at 11:04 a.m.	N/A	N/A	N/A