



## Finance Committee Meeting

4/27/11

5:00 PM

6301 NW 5th Way  
Fort Lauderdale, FL

**Members in attendance:**

Andrew Bray, Chair; Cindy Arenberg-Seltzer; Sidney Calloway, Jeffrey, Dwyer, Laurie Sallarulo

**Members Absent:**

**Staff in Attendance:**

Penny Westberry, CEO; K. Lee Tirpak, CPO; Andrea Braynon, CFO; Janice Carter, DRRD Director; Gordia Ross, ECE Program Specialist; Inez Webb

**Others in Attendance:**

Burnadette Norris-Weeks, General Counsel; Sharon Cohen, Ainsworth Geddes

### Mission

To provide the resources, advocacy, leadership, coordination and oversight for early care and education from birth to school age and to support access to school-age care to ensure children's success in school

### Welcome and Call to Order

Andrew Bray, Chair, call the meeting to order at 5:12 pm  
Quorum established

Approval of Minutes of 3/23/11

Motion made by Cindy Arenberg Seltzer to approve minutes.

Mr. Calloway said he has never been in support of the finance meeting on a quarterly basis; the minutes are not accurate, however we choose to correct the minutes.

Mr. Bray said “strike it out and have the corrected minutes read” , Mr. Calloway indicated ,“he is against meeting on a quarterly basis”

Mr. Calloway said, “For purposes of today, however the minutes read, I am opposed to the Finance Committee meeting only on a quarterly basis, primarily on the grounds that he believes that there is a false sense of security.”

Mr. Bray said, “The proper thing is to deny the motion to approve the minutes at the present time .” The committee motion to approve the minutes was withdrawn and unanimously voted to table the minutes pending a review of the tape.

Action items:	Person responsible:	Deadline:
Provide reviewed minutes		

Financial Statements

Mr. Bray, Chair referred to Tab 2 - Financial Statements: Motioned for approval of the financial statements, pending the annual audit prepared by a qualified public accounting firm.

Approved by Sidney Calloway

Seconded by Jeffrey Dwyer

Discussion:

1) Ms. Sallarulo referred to **Page 3: Due for Other Agencies** - \$15.633 million is due. Is there a time or schedule when money is received by the coalition?

Ms. Braynon replied that revenues due are based on revenues that comes from the state and may come at the end of the month, or the 1<sup>st</sup> or 2<sup>nd</sup> of the next month. Invoices are due to the state on the 24<sup>th</sup> of the month. ELC will have revenue by the 30th or the 1st of the next month, normally within 5 days when invoices are sent by the 24<sup>th</sup> of the month. Revenues are not necessarily overdue, as ELC give advances to Family Central, Inc. (FCI), then the State pays it back.

2) Ms. Sallarulo referred to **Page 4: First column - February 2010 Actual**; Questioned whether the correct year should be 2011? Yes, February 2011.

3) Ms. Sallarulo referred to **Page 7: Expenditures: Program: Quality Activities – Early Learning Coalition of Broward County, Inc. (ELC)**: Is the ELC Quality line item 35% of the target expenses?

Ms. Braynon responded that this expenditure also includes reserves, since last Board meeting the reserves were not used, it is reallocated into slots.

4) Ms. Sallarulo referred to **Page 8: Advertising/Printing** is at about 50%; is there a plan to expend this amount or address this issue? The advertising/marketing piece is one thing to work on next year.

Ms. Westberry agreed that it is a good plan, which could be discussed at the Board Retreat.

5) Mr. Dwyer referred to **Page 7: Revenues: Children’s Services Counsel (CSC)** will CSC give \$7 million to ELC this year?  
 Ms. Arenberg Seltzer said CSC will be giving \$5.8 million for Fiscal Year 2011-2012. This discussion will take place later. She noted that CSC fiscal year is different from ELC; funds will be shifted around in trying to maximize use of the money.

6) Ms. Sallarulo referred to **Page 8: FY 2011 Annual Budget:** Legal and Insurance 50% target rate - is this due to delays in billing?  
 Ms. Braynon responded that this is a year-to-date budget; it does not represent 66% of this year’s expenses, most of ELC’s expenditures are between 50% to 60%, which she is comfortable with as it gets toward year end. All expenses are not flat, and annualized every month; payment of some bills could be behind.  
 Mr. Bray confirmed that we have no indication that the Coalition is going over the budgeted items. Financial Statements were already approved and seconded; is all in favor of approving the Financial Statement?  
 Unanimously approved

Action items:	Person responsible:	Deadline:

**Utilization Report**

Mr. Bray referred to Tab 3 Utilization, he did not notice anything that would cause him any concerns, are there any questions for Mr. Geddes?  
 Discussion:

- Ms Arenberg Seltzer commented that it is good that 241 more children were enrolled in School Readiness; she asked did that move any children from the waitlist?

Mr. Geddes said yes

- Mr. Dwyer commented that forecast is for 10,432 children paid for in April; then asked are we looking for any disenrollment at year end?

Mr. Geddes answered yes, disenrollment of children has been split because school ends in July; the number will also drop because of children aging out, etc.

- Ms. Salarullo said she was curious to see the difference between costs for a typical child versus special needs. What is the average cost per child, how many slots are filled for Special Needs and how many is on the waitlist?

Mr. Geddes will get data for average cost per child, how many slots are filled for Special Needs and how many is on the waitlist.

Action items	Person responsible:	Deadline:
Average cost per child, how many slots are filled for Special Needs and how many is on the waitlist?	Ainsworth Geddes	Next meeting

**Unfinished Business**

Mr. Bray said, as mentioned in the minutes that was not approved; last meeting the committee talked about adjusting the Finance Committee meeting to consider meeting less frequently– the minutes reflect the idea that committee members were asked to think about this and bring back to today’s meeting. Mr. Bray agrees with Mr. Calloway in that he thinks committee should meet regularly; it satisfies due diligence and fiduciary duties, when dealing with such large amount of the public’s money. As the Treasurer who is about to term out, he suggest that the issue is deferred for the new chair, with the intent to meet monthly until he is no longer the Treasurer; and hopes the committee agrees with this decision. There is one meeting left for this Fiscal Year on June 13, 2011.

**Tab 4 Indirect Cost**

Mr Bray said at the last meeting there was a question about indirect administrative cost; Ms. Braynon gave a break down which is under Tab 4; Are there any questions?

- Mr. Dwyer asked isn’t this all in the budget?

Ms. Braynon responded that is what we have identified here through our contracts, we have a cost allocation plan with our sub-recipients so they can bill and identify their indirect cost. What we are sharing here is what specifically is that indirect cost: In our financials its included in the description of the programs service, we are just breaking it out where you can see it; for example – looking at page 7 where it says quality, that particular indirect cost is included in that number.

- Mr. Dwyer Jeffrey referred to **Page 8 FY 2011 Annual Budget:** Explain ELC Administrative Cost total \$1,756,548, when we look at the budget Total Administrative/Indirect Cost of \$1,744,548; Is that the capital outlay?

Ms. Braynon said page 8 represents ELC of Broward expenses

- Mr. Dwyer continued: To be clear then, that \$1.756 million is included in the capital outlay also – that’s why there is a difference between administrative and the total number.

Ms. Braynon said yes.

- Ms. Salarullo said she was shocked that the administrative cost of running FCI is less than ELC’s administrative cost; define ELC administrative cost vs. FCI administrative cost.

Ms. Braynon responded: Think of it as compartmentalizing e.g., CEO, related cost, rent - some may be pro-rated.

Mr. Geddes said FCI administrative cost covers all support departments; cost is spread out because FCI shares with several counties; he clarified that indirect amount includes about 30 people’s cost that is split.

- Ms. Salarullo asked what about 30 full-time administrative staff?

Mr. Dwyer said the cost is shared over multiple counties.

Ms. Braynon said 30 people are divided by 3 different contracts, ELC only gets a portion of those 30 people; they do the same for West Palm Beach.

Action items:	Person responsible:	Deadline:

New Business

Ms. Arenberg Seltzer stated that last year CSC had to make cuts and ELC has to feel some of that; but the AARA money will help to make up for that. CSC is preparing for Budget workshop on May 19 at 9am in their office. At this time, if the legislator does not do anything disruptive to our local government's ability to collect tax they hope that the budget will stay flat; CSC was able to take advantage of some TANF emergency money and make a claim because of some investments that was made, so they were able to draw down \$2.3 million in non-recurring, plus TANF dollars that they were able to put into their fund balance which they did not budget on purpose so that they could fill the fund balance a little bit to offset against future projects. The Council has expressed a willingness to go to roll back if they need to. The original indications are that property values will stay flat this year – , if this hold true then we should be fine, if there is a drop Council had expressed a willingness to go to roll back which would be pennies in regard to impact. Don't anticipate at this point having to cut, don't think they will restore the \$500,000. However, the Council is happy with Positive Behavior Support, and she thinks that when money is flush again, they would likely invest in that way to improve the quality and hopefully move the 3 year old numbers we saw earlier rather than put more into slots.

Mr. Bray reminded those who were present at the last board meeting that he brought up the fringe benefit cost and associated elements regarding the Health benefit package for the Coalition staff. It continues to trouble him that the Health insurance package is so expensive; compared to what he pays in the market and others pay, it seems way out of line. Rather than send an interrogatory insurance Broker to provide the information, he thought it would be easier to ask if he/she could attend the next finance committee meeting to provide packages, cost, and more detail about the going rate. He is not raising an issue about who will be covered but the package almost doubles the market rate. This, he will probably do for the June meeting. He is aware that Board members suggested looking at options.

Ms. Arenberg Seltzer said her concern was not so much the package, but how it is priced, she asked if ELC uses an insurance broker or went out to bid? CSC has a broker who shops for rates every year, goes to insurance companies and bid for rates.

Mr. Calloway said he would be interested in getting the industry perspective of the broker; in anticipation of this he would also like to see what was done last year. This conversation reminds him of one with our Auditor. Part of what he would see coming out of this from these kinds of discussion does lead into an opportunity to review existing policies to see what changes or tweaks may need to be made; primarily on the point of understanding that at the end of the day you want fairest most reasonable numbers you can get based on what is set out in the overall objectives and concerns for your staff – in this case Health Insurance set out what the objectives are; the idea that we have cost and restructure based on the competition that correlates to this cost. He is almost sure we do not necessarily have an identifiable policy, with the exception of our director's very experienced work in this field that correlates what we are asking for in terms of health care benefits for employees versus how we go about getting this.

Mr. Bray agreed it is his intention to get the information and coordinate with Personnel Committee.

Mr. Dwyer agreed that a joint meeting with Personnel committee may be beneficial. The Personnel committee chair was not present at the Executive Committee meeting; therefore some issues could not be raised. He further stated that participation at certain meetings is key to the running of the Coalition. Next

Personnel committee meeting should keep us apprised on those issues and at Executive level; key issues to address: Cost saving measures 100% on everything we do.

Ms. Salarullo said she has not seen all ELC's Financial policies, should there be some sort of review to make sure that they are up to date.

Ms. Arenberg Seltzer stated that as Chair of the By-laws committee a proposal is being put forth to establish a Governance Committee structure which would periodically review policies and procedures, Ms. Arenberg Seltzer further stated that this does not mean that finance cannot review their policy; the By-laws committee has been concerned with this particular issue as well

Mr. Dwyer agreed that a major concern is that there is no governance; the Board has to address this major issue at the Retreat, it is an absolute necessity.

Mr. Calloway said regarding issue of health benefit and what we are paying, he thinks he is correct in saying that the Finance committee should have the work/effort on the financing aspect and the Personnel committee should be working on the benefits issues.

<b>Action items:</b>	<b>Person responsible:</b>	<b>Deadline:</b>
Finance committee coordinate with Personnel regarding the issue of health benefit and what the Coalition is paying	Finance/Personnel Committees	

Next Meeting Date: June 13, 2011

Public Comment

None.

Adjourn

Meeting Adjourned 5:52pm

These minutes contain the action items of the meeting of the Finance Committee of the Early Learning Coalition. They do not include all the Committee's discussions or comments on each matter or issue raised during the meeting. A tape recording of the meeting is held in the Coalition office. Corrections from the Committee will be taken prior to approval at the next meeting.

Submitted by Inez Webb

Reviewed and Edited by

Andrew Bray, Treasurer & Chair of Finance Committee

Andrea A. Braynon, Chief Financial Officer

Review of March 23, 2011 Finance Committee Meeting  
Statement made by Sidney Calloway at 3/23/11 Finance Committee Meeting

**Calloway:** I don't necessarily disagree that at least with the idea of us looking to whether or not it should be something beyond a monthly meeting but I would suggest that given the times that the Federal Government the State Government and the fiscal problems that everyone is presently having I'd be hesitant to be lulled into a sense of not being completely aware and I am using the word for lack of a better way to describe it – my concern again is that we lose some of the edge that we have on how the organization runs and operates - our ability to act to more dynamic circumstances because at that point what we are essentially doing to some extent is that you are going to lose some of the dynamics that occur with staff and this particular committee which could translate. Again, maybe I am wrong but that would be my concern.

**Seltzer:** Not suggesting that we don't get the financial report as part of the meeting and that we would be available to meet if something was going on or if we wanted to set up to look at something deeper but having been a member of the finance committee for – how long has the Coalition been in existence – 10 – 11 years – there have been times when this was needed extremely I mean like every month our attention was very much necessary because - going money was coming we were in a deficit situation – there was a lot of activity needed but when things are relatively stable – to drag you here for a three minute meeting to look at financial statements seems like an unnecessary

**Calloway:** Well I and I sit on the finance committees for other organizations some of which are very good shape and some in not so good shape. As a member of a finance committee I have no problem showing up every month – again you can do what you want but this is just one board members perspective that the finances are, particularly in a public agency, my obligation to the organization. I just would not want to lose the edge we have when we reinforce ourselves through the year to look at the finance statements collectively to ask questions that may not come up until the time we actually meet again that is just one committee members perspective

**Dwyer:** The last meeting for the finance committee was 60 days ago and I don't think we had a board meeting in the interim – finance comes up at the Board meeting – I don't see an issue at going 60 day intervals unless there is more of an emergent need. Quarterly – setting up quarterly is fine but even 60 days to kind of split the different in the interim period knowing that alternate the board meets

**Calloway:** I am not arguing that it shouldn't be quarterly or it shouldn't be 60 – I just essentially saying this particular committee member if he had his druthers would meet every month – believes it is important – look at the other committee members on the questions of finance – if you don't having any questions

**Bray:** My suggestion might be what we do – the next meeting is scheduled for April 27<sup>th</sup> why don't we all give it some real thought between now and then and entertain further question – maybe look at some adjustments.

Meeting continued