

LIGHTHOUSE FOR CHILDREN, INC. BOARD MEETING

DATE: Wednesday, May 27, 2020

Lighthouse for Children
2405 Tulare Street
Fresno, CA 93721

TIME: 11:30 a.m. – Regular Meeting

Per the Governor of California’s Executive Order N-29-20 issued on March 17, 2020, this Regular Meeting will be held via Zoom using the following link
<https://zoom.us/j/96889289613?pwd=eDBhK3kySGI3TXNEZnlQU1RWTGxKQT09> **Meeting ID: 968 8928 9613 and Password: 213625.** The public may participate in the meeting, as otherwise permitted under the Brown Act, by joining using the link above.

AGENDA

ITEM	SUBJECT	PRESENTER
1.	CALL TO ORDER	Chair Pacheco
2.	POTENTIAL CONFLICTS OF INTEREST Any Commission Member who has potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.	Chair Pacheco
3. Action Pg. 1	MINUTES FROM DECEMBER 04, 2019 BOARD MEETING Supporting Document	F. González, Interim E.D.
4. Action Pg. 3	FISCAL YEAR 2020 – 2021 PROPOSED BUDGET Supporting Document	F. González, Interim E.D.
5. Action Pg. 7	AGREEMENT FOR AUDIT AND TAX PREPARATION SERVICES	F. González, Interim E.D.
6.	PUBLIC COMMENT Limit two minutes per speaker. Public Comment is also taken on individual agenda items throughout the meeting at the conclusion of each agenda item.	Chair Pacheco
7.	ADJOURNMENT	Chair Pacheco

NOTE: If you need disability modification(s) and/or other accommodation(s) in order to participate in this meeting, please contact the office at (559) 558-4900 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a).

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
May 27, 2020 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

CONSENT AGENDA ITEM NO. 3

RECOMMENDED ACTION:

Approve Lighthouse for Children Meeting Minutes – December 4, 2019

**ACTION SUMMARY MINUTES
December 4, 2019 – 11:30 A.M.**

Present: **Board Members:** Brian Pacheco (Chair), Hugo Morales, Dawan Utecht,

Absent: Stacy Sablan

Staff: Emilia Reyes

1. CALL TO ORDER

- 2. POTENTIAL CONFLICTS OF INTEREST:** Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.

None heard

3. MINUTES FROM JUNE 19, 2019 BOARD MEETING

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

4. FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2018-2019

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

6. PUBLIC COMMENT

None heard.

7. ADJOURNMENT

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
May 27, 2020 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.4

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Interim Executive Director
SUBJECT: Fiscal Year 2020-2021 Lighthouse for Children, Inc. Proposed Budget

RECOMMENDED ACTION:

Approve the Lighthouse for Children, Inc. Fiscal Year 2020-2021 Proposed Budget.

BACKGROUND:

The purpose of the budget is to implement the resources of the Lighthouse for Children, Inc., (LFC) to support First 5 Fresno County's strategic plan and to allocate operational funds designed to positively impact young children and their families receiving services at the LFC facility.

Key Points of the Proposed Budget:

Revenues – No increase.

Operating revenue from rent is expected to remain steady at \$148,000.

Expenses – No net change.

Overall, increases in expenses in line items such as insurance expense and taxes expense are offset by a reduction in anticipated expenses in other areas (e.g., auditing services). The largest single increase is in legal services (+\$6,791) which reflects anticipated additional costs associated with exiting the New Markets Tax Credit position.

CONCLUSION:

An approved 2020-2021 Proposed Budget provides an updated financial framework for the LFC to make acceptable and allowable financial decisions.



FY 2020-2021 PROPOSED BUDGET

**2405 Tulare St.
Fresno, CA 93721**

(559) 558-4900

LIGHTHOUSE FOR CHILDREN, INC.
FY2020-2021 PROPOSED BUDGET SUMMARY

Revenue	FY 2019-2020 Projected Actuals	FY 2020-2021 Proposed Budget	Variance
Annual Rent Income	\$148,000	\$148,000	\$0
Other Revenue	\$40	\$0	(\$40)
Total Revenue	\$148,040	\$148,000	(\$40)
Expenses			
Administrative Contract	\$5,250	\$3,643	\$1,607
Administrative Contract Sub-total	\$5,250	\$3,643	\$1,607
Insurance & Taxes Expense			
Insurance Expense	\$8,732	\$9,508	(\$776)
Taxes Expense	\$1,179	\$2,200	(\$1,022)
Insurance & Taxes Expense Sub-total	\$9,911	\$11,708	(\$1,797)
Professional Services Expense			
Legal Services	\$6,609	\$13,400	(\$6,791)
Auditing Services	\$5,455	\$3,900	\$1,555
Professional Services Expense Sub-total	\$12,064	\$17,300	(\$5,236)
New Market Tax Credit (NMTC) Expense			
NMTC Service	\$120,816	\$115,349	\$5,467
NMTC Expense Sub-total	\$120,816	\$115,349	\$5,467
Total Expenses	\$148,040	\$148,000	\$40
Net Income	\$0	\$0	

**FY 2020-2021 PROPOSED BUDGET
DETAIL BUDGET LINE ITEMS
COST ANALYSIS AND JUSTIFICATION**

	FY 2020-2021 Proposed Amount
Administrative Contract	\$3,643
<p>The Lighthouse for Children, Inc. (LFC) has an administrative services agreement in place with the Children and Families Commission of Fresno County (First 5 Fresno County), as a requirement to the New Market Tax Credit agreements, for services of day-to-day administrative operations such as bookkeeping, maintaining records, processing payments, procuring necessary services/goods for LFC's operation, etc. Services are paid for when rendered. Anticipated expenses for services in fiscal year (FY) 2020-2021 through this agreement are \$3,643.</p>	
Administrative Contract Total	<u>\$3,643</u>

	FY 2020-2021 Proposed Amount
Insurance & Taxes Expense	\$11,708
<p>The Lighthouse for Children, Inc., is required to carry insurance for Special Property Insurance Program (SPIP) and Directors and Officers policy (D&O) insurance. The following quotations were received from the LFC's insurance broker during the course of reviewing renewal options.</p>	
<u>FY 2020-2021 Quotations</u>	
<u>Insurance Expenses</u>	
SPIP Annual Premium	\$8,502
D&O Annual Premium	\$1,006
Insurance Sub-total	<u>\$9,508</u>
<u>Tax Expenses</u>	
990 Form Preparation Fee	\$1,600
Parcel Tax Assessment	\$600
Tax Sub-total	<u>\$2,200</u>
Insurance & Taxes Total	<u>\$11,708</u>

	FY 2020-2021 Proposed Amount
Professional Services Expense	\$13,400
<p>The Lighthouse for Children, Inc. (LFC) contracts with outside professional firms for legal and auditing services. Auditing services for LFC will be procured for as the current procurement period terms out. The use of legal services is projected to increase as LFC nears the end of the loan's term in 2020.</p>	
<u>Items</u>	
Legal Services 20 hours @ \$225/hour	\$4,500
NMTC Related Legal Expenses	\$5,000
Auditing Services	\$3,900
Professional Services Total	<u>\$13,400</u>

	FY 2020-2021 Proposed Amount
New Market Tax Credit (NMTC) Expense	\$115,349
<p>The Lighthouse for Children, Inc. (LFC) was formed through the federal New Market Tax Credit Program (NMTC) to obtain financing assistance for the construction of the LFC facility. Based on the financing structure and the agreement between the LFC and the NMTC investors, quarterly payments are issued to pay back the loan. The NMTC investors include two Community Development Entities (CDE). NMTC expenses include CDE filings, tax preparation, and audit.</p>	
<u>CDE Investors</u>	
Central Valley NMTC Sub IV	\$14,169
LIIF Sub-CDE XXIV	\$13,841
NMTC Audit Expense	\$3,309
NMTC Expense Total	<u>\$115,349</u>

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
May 27, 2020 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members

FROM: Fabiola González, Interim Executive Director

SUBJECT: Agreement with Price, Paige & Company Accountancy Corporation for Audit and Tax Preparation Services

RECOMMENDED ACTION:

Approve an agreement with Price, Paige & Company Accountancy Corporation to perform for Fiscal Year (FY) 2019-2020 auditing services in an amount not to exceed \$3,900 and tax preparation services for FY 2019-2020 in an amount not to exceed \$1,600 – a total of \$5,500.

BACKGROUND:

The Lighthouse for Children, Inc. (LFC) is a California Nonprofit Public Benefit Corporation and is considered a component unit of the Children and Families Commission of Fresno County and as such is included in the Commission's Annual Financial Report as a discretely presented component unit. In conjunction with the requirements of the Children and Families Commission of Fresno County or First 5 Fresno County (F5FC), the LFC is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Procurement: In March 2020, F5FC released a Request for Quotations (RFQ) to select a firm to conduct auditing services for F5FC and LFC for FY 2019-2020, with a renewable option for an additional five years, or through FY 2024-2025, based on performance. Through this competitive process, Price, Paige & Company, was the selected firm.

Staff recommends entering into an agreement with Price, Paige & Company for the same contract terms, to perform the required auditing services for FY 2019-2020 in accordance with generally accepted auditing standards (GAAS) as promulgated by the American Institute of Certified Public Accountants, and generally accepted governmental auditing standards issued by the United States General Accounting Office (GAO) for financial and compliance audits. The audit report is expected to be completed and delivered to the Board on the first business day in October each year. Price, Paige & Company will also prepare and file taxes for FY 2020-2021.

Fiscal Impact: Funding for this agreement has been allocated from the Lighthouse for Children's 2020-2021 Proposed Budget: Professional Services line item in an amount not to exceed \$3,900 for auditing services and \$1,600 for tax preparation services. This agreement has the option to renew for up to five additional years based on need, performance, and availability of funds.

CONCLUSION:

If approved, staff will finalize the agreement for auditing and tax preparation services for FY 2019-2020 for an amount not to exceed \$5,500 to begin on June 1, 2020.