

**LIGHTHOUSE FOR CHILDREN, INC.  
BOARD MEETING**

**DATE:** Wednesday, June 6, 2018

**TIME:** 11:30 a.m. – Regular Meeting

Lighthouse for Children  
2405 Tulare Street  
Fresno, CA 93721

**AGENDA**

ITEM	SUBJECT	PRESENTER
1.	<b>CALL TO ORDER</b>	Chair Pacheco
2.	<b>POTENTIAL CONFLICTS OF INTEREST</b> 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	<b>MINUTES FROM DECEMBER 13, 2017 BOARD MEETING</b> Supporting Document	E. Reyes, E.D.
4. Action Pg. 3	<b>FINANCIAL REPORT FOR PERIOD ENDING MARCH 2018</b> Supporting Document	E. Reyes, E.D.
5. Action Pg. 5	<b>FISCAL YEAR 2018 – 2019 LIGHTHOUSE FOR CHILDREN, INC. PROPOSED BUDGET</b> Supporting Document	E. Reyes, E.D.
6. Action Pg. 10	<b>AGREEMENT WITH HUDSON HENDERSON &amp; COMPANY, INC. FOR AUDITING SERVICES</b> Supporting Documents	E. Reyes, E.D.
7. Information	<b>PUBLIC COMMENT</b> 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
8.	<b>ADJOURNMENT</b>	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  
June 6, 2018 – 11:30 a.m.**

**2405 Tulare Street  
Fresno, CA 93721**

**CONSENT AGENDA ITEM NO. 3**

**RECOMMENDED ACTION:**

Approve Lighthouse for Children Meeting Minutes – December 13, 2017

**ACTION SUMMARY MINUTES  
December 13, 2017 – 11:30 A.M.**

**Present:**      **Board Members:** Stacy Sablan, Brian Pacheco (Chair), Hugo Morales

**Absent:**        Dawan Utecht

**Staff:**         Emilia Reyes, Ken Price (Legal Counsel)

**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 MAY 31, 2017 BOARD MEETING**

Public Comment: None heard.

Motion by: Morales

Second by: Pacheco

Ayes: Pacheco, Morales, Sablan

Noes: None heard.

**4.      FINANCIAL REPORT FOR PERIOD ENDING OCTOBER 2017**

Public Comment: None heard.

Motion by: Morales

Second by: Sablan

Ayes: Pacheco, Morales, Sablan

Noes: None heard.

**5.      FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2016-2017**

Public Comment: None heard.

Motion by: Morales  
Ayes: Pacheco, Morales, Sablan  
Noes: None heard.

Second by: Sablan

**6. PURCHASE AGREEMENT BETWEEN VALLEY CHILDREN'S HEALTHCARE AND LIGHTHOUSE FOR CHILDREN, INC. "WOOD CHIPS" PROPERTY**

Public Comment: None heard.

Motion by: Morales  
Ayes: Pacheco, Morales, Sablan  
Noes: None heard.

Second by: Sablan

**7. PUBLIC COMMENT**

No Action Required.

**8. ADJOURNMENT**

Public Comment: None heard.

Motion by: Morales  
Ayes: Pacheco, Morales, Sablan  
Noes: None heard.

Second by: Sablan

**LIGHTHOUSE FOR CHILDREN, INC.**

**Board Meeting  
June 6, 2018 – 11:30 a.m.**

**2405 Tulare Street  
Fresno, CA 93721**

**AGENDA ITEM NO.4**

TO: Lighthouse for Children Board Members  
FROM: Emilia Reyes, Executive Director  
SUBJECT: Financial Report for Period Ending March 2018

**RECOMMENDED ACTION:**

Accept the Financial Report for period ending March 31, 2018.

**BACKGROUND:**

This item is intended to keep the Board apprised of the Lighthouse for Children, Inc.'s (LFC) financial activity as of March 31, 2018, and to provide an opportunity to discuss and review financial activities for the reporting period.

**KEY POINTS:**

Below are the key points of the Financial Report for period ending March 31, 2018.

Revenues (88%)

- Fund Balance (100%) – This amount represents the carryover balance from the preceding fiscal year as a result of the finalized Financial Audit.
- Other Revenue/Donations (100%) – This revenue is originally unrealized revenue from the LFC plot of land prior to construction.

Expenses (71%)

- Tenant Improvements - 3<sup>rd</sup> floor (100%) – This expense is for the construction contract for third-floor tenant improvements, completed in August 2017, along with costs to outfit the new third-floor conference space.

**FISCAL IMPACT:**

Overall, expenses have been anticipated and are within budget constraints for fiscal year 2017 – 2018.

**LIGHTHOUSE FOR CHILDREN  
FINANCIAL STATEMENT  
MARCH 2018 (75%)**

**Revenues**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance</u>	<u>Percent Variance</u>
	<u>7/1/17-06/30/18</u>	<u>7/1/17-03/31/18</u>		
Fund Balance as of July 1, 2017	\$40,331	\$40,331	\$0	100%
Annual Rent Income	\$148,000	\$111,000	\$37,000	75%
Other Revenue/Donations	\$112,292	\$112,292	\$0	100%
<b>Total Revenues</b>	<b>\$300,623</b>	<b>\$263,623</b>	<b>\$37,000</b>	<b>88%</b>

**Expenses**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance</u>	<u>Percent Variance</u>
<b>Operating Expenses</b>				
Administrative Contract	\$10,500	\$0	\$10,500	0%
Professional Services	\$9,778	\$5,685	\$4,093	58%
Tenant Improvements (3rd Floor)	\$71,917	\$71,917	\$0	100%
Insurance & Taxes	\$15,682	\$9,074	\$6,608	58%
NMTC Interest Payments	\$112,040	\$70,189	\$41,851	63%
<b>Total Operating</b>	<b>\$219,917</b>	<b>\$156,864</b>	<b>\$63,053</b>	<b>71%</b>

**LIGHTHOUSE FOR CHILDREN, INC.**

**Board Meeting  
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**2405 Tulare Street  
Fresno, CA 93721**

**AGENDA ITEM NO.5**

TO: Lighthouse for Children Board Members  
FROM: Emilia Reyes, Executive Director  
SUBJECT: Fiscal Year 2018 – 2019 Lighthouse for Children, Inc. Proposed Budget

**RECOMMENDED ACTION:**

Approve the Lighthouse for Children, Inc. Fiscal Year (FY) 2018 – 2019 Proposed Budget.

**BACKGROUND:**

The overall 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:**

*Fund Balance*

Staff is projecting a zero-beginning balance. The final amount for the Fund Balance will come upon the completion of the financial audit.

*Revenues*

The FY 2018-2019 Proposed Budget includes rent revenue from the Master Lease Holder, First 5 Fresno County, for \$148,000.

Staff recommends the continued allocation of these revenues for facility, administrative and professional expenses as outlined in the Cost Analysis portion of the budget.

**FISCAL IMPACT:**

An approved FY 2018-2019 budget is necessary for the LFC to make acceptable and allowable financial decisions.

**FUTURE IMPLICATIONS:**

The FY 2018-2019 Proposed Budget provides a financial framework to allocate funds and cover costs associated with maintaining the Lighthouse for Children, Inc.



# **FY 2018-2019 PROPOSED**

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

**LIGHTHOUSE FOR CHILDREN, INC.  
FY2018-2019 PROPOSED BUDGET SUMMARY**

<b>Revenue</b>		
Fund Balance		\$0
Annual Rent Income		\$148,000
Other Revenue		\$0
	<b>Total Revenue</b>	<b>\$148,000</b>
<b>Expenses</b>		
<b>Administrative Contract</b>		\$10,500
	<b>Administrative Contract Sub-total</b>	<b>\$10,500</b>
<b>Insurance &amp; Taxes Expense</b>		
Insurance Expense		\$13,488
Taxes Expense		\$1,485
	<b>Insurance &amp; Taxes Expense Sub-total</b>	<b>\$14,973</b>
<b>Professional Services Expense</b>		
Legal Services		\$1,951
Auditing Services		\$5,500
	<b>Professional Services Expense Sub-total</b>	<b>\$7,451</b>
<b>New Market Tax Credit (NMTC) Expense</b>		\$115,077
	<b>NMTC Expense Sub-total</b>	<b>\$115,077</b>
	<b>Total Expenses</b>	<b>\$148,000</b>
<b>Net Income</b>		<b>\$0</b>



**DETAIL BUDGET LINE ITEMS  
COST ANALYSIS AND JUSTIFICATION**

**OPERATING EXPENSES**

<b>Administrative Contract</b>	<b>Proposed Amount</b>
Justification/Calculations:	<b>\$10,500</b>
<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 for 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) 2018-2019 through this agreement are \$10,500.</p>	

<b>Insurance &amp; Taxes Expense</b>	<b>Proposed Amount</b>																																																																						
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<p>The Lighthouse for Children, Inc. (LFC) is required to carry insurance for Special Property Insurance Program (SPIP) and Directors and Officers policy (D&amp;O) insurance. A five percent increase from the FY 2017-2018 amounts is recommended by the insurance broker for both coverages.</p>																																																																							
<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>FY 2017-2018 Amount</u></th> <th style="width: 10%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Increase</u></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td colspan="7"><b><u>Insurance Expenses</u></b></td> </tr> <tr> <td style="padding-left: 20px;">SPIP Annual Premium</td> <td style="text-align: right;">\$10,101</td> <td style="text-align: center;">x</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">=</td> <td></td> <td style="text-align: right;">\$10,606</td> </tr> <tr> <td style="padding-left: 20px;">D&amp;O Annual Premium</td> <td style="text-align: right;">\$2,745</td> <td style="text-align: center;">x</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">=</td> <td></td> <td style="text-align: right;">\$2,882</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><b>Insurance Sub-total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>\$13,488</b></td> </tr> <tr> <td colspan="7"><b><u>Tax Expenses</u></b></td> </tr> <tr> <td style="padding-left: 20px;">990 Form Preparation Fee</td> <td style="text-align: right;">\$1,185</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$1,185</td> </tr> <tr> <td style="padding-left: 20px;">Parcel Tax Assessment</td> <td style="text-align: right;">\$300</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$300</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><b>Tax Sub-total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>\$1,485</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><b>Insurance &amp; Taxes Total</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>\$14,973</b></td> </tr> </tbody> </table>		<u>FY 2017-2018 Amount</u>		<u>Increase</u>				<b><u>Insurance Expenses</u></b>							SPIP Annual Premium	\$10,101	x	5%	=		\$10,606	D&O Annual Premium	\$2,745	x	5%	=		\$2,882						<b>Insurance Sub-total</b>	<b>\$13,488</b>	<b><u>Tax Expenses</u></b>							990 Form Preparation Fee	\$1,185					\$1,185	Parcel Tax Assessment	\$300					\$300						<b>Tax Sub-total</b>	<b>\$1,485</b>						<b>Insurance &amp; Taxes Total</b>	<b>\$14,973</b>	
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<b>Professional Services Expense</b>	<b>Proposed Amount</b>												
Justification/Calculations:	<b>\$7,451</b>												
<p>The Lighthouse for Children, Inc. (LFC) contracts with outside professional contractors for legal and auditing services. LFC procured for auditing services for a total of four years with an option to renew, based on performance, for an additional three years. Fees for these services will remain the same throughout the term of the contract. Fewer board meetings are anticipated resulting in an potential decrease in expenses for legal services.</p>													
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Justification/Calculations:	<b>\$115,077</b>																																			
<p>The Lighthouse for Children, Inc. (LFC) was formed through the 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>																																				
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**LIGHTHOUSE FOR CHILDREN, INC.  
TWO YEAR BUDGET HISTORY**

<b>REVENUE</b>	<b>FY1718 PROJECTED ACTUALS</b>	<b>FY1819 PROPOSED BUDGET</b>
Fund Balance	\$0	\$0
Annual Rent Income	\$148,000	\$148,000
Other Revenue	\$112,292	\$0
<b>TOTAL INCOME</b>	<b>\$260,292</b>	<b>\$148,000</b>
<b>EXPENSES</b>		
Administrative Contract	\$10,500	\$10,500
Tenant Improvement Construction (3rd Floor)	\$71,917	\$0
Insurance & Taxes	\$18,682	\$14,973
Professional Services	\$11,778	\$7,451
NMTC Expenses	\$119,040	\$115,077
<b>TOTAL EXPENSES</b>	<b>\$231,917</b>	<b>\$148,000</b>
<b>Net Income</b>	<b>\$28,375</b>	<b>\$0</b>

**LIGHTHOUSE FOR CHILDREN, INC.**

**Board Meeting  
June 6, 2018 – 11:30 a.m.**

**2405 Tulare Street  
Fresno, CA 93721**

**AGENDA ITEM NO.6**

TO: Lighthouse for Children Board Members  
FROM: Emilia Reyes, Executive Director  
SUBJECT: Agreement with Hudson Henderson & Company, Inc. for Auditing Services

**RECOMMENDED ACTION:**

Approve a renewed agreement with Hudson Henderson & Company, Inc. to perform auditing services for Fiscal Year (FY) 2017-2018 and FY 2018-2019 in an amount not to exceed \$10,910.

**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:** On May 2016, F5FC released a Request for Quotations (RFQ) to select a firm to conduct auditing services for F5FC and LFC for FY 2015-2016, with a renewable option for an additional three years, or through FY 2018-2019, based on performance. Through this competitive process, Hudson Henderson & Company, Inc. was the selected firm.

Staff recommends renewing the agreement with Hudson, Henderson & Company, Inc., for the same contract terms, to perform the required auditing services for both, FY 2017-2018 and FY 2018-2019 in accordance with generally accepted auditing standards (GAAP) 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.

**Fiscal Impact:** Funding for this agreement has been allocated from the Lighthouse for Children's 2018-2019 Budget: Professional Services – Auditing Services expense line item in an amount not to exceed \$10,910 or \$5,445 per year.

**CONCLUSION:**

If approved, staff will finalize the agreement for auditing services for FY 2017-2018 and FY 2018-2019 with Hudson Henderson & Company, Inc. for an amount not to exceed \$10,910 to begin on July 1, 2018.