

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

DATE: Wednesday, June 19, 2019

TIME: 11:30 a.m. – Regular Meeting

Lighthouse for Children
2405 Tulare Street
Fresno, CA 93721

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 OCTOBER 24, 2018 BOARD MEETING Supporting Document | E. Reyes, E.D. |
| 4. Action Pg. 3 | FINANCIAL REPORT FOR PERIOD ENDING APRIL 2019 Supporting Document | E. Reyes, E.D. |
| 5. Action Pg. 5 | FISCAL YEAR 2019-2020 LIGHTHOUSE FOR CHILDREN, INC. PROPOSED BUDGET Supporting Document | E. Reyes, E.D. |
| 6. Information | 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
June 19, 2019 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

CONSENT AGENDA ITEM NO. 3

RECOMMENDED ACTION:

Approve Lighthouse for Children Meeting Minutes – October 24, 2018

**ACTION SUMMARY MINUTES
October 24, 2018 – 11:30 A.M.**

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

Absent: Stacy Sablan,

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 JUNE 6, 2018 BOARD MEETING

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

4. FINANCIAL REPORT FOR PERIOD ENDING AUGUST 2018

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

5. FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2017-2018

Brian Henderson, Co-founder & Partner of the firm Hudson Henderson & Company, Inc., presented an overview of the annual audit report for fiscal year 2017-2018.

Public Comment: None heard.

Motion by: Morales

Second by: Utecht

Ayes: Pacheco, Morales, Utecht

Noes: None heard.

6. PUBLIC COMMENT

Emilia Reyes, Executive Director, and Ken Price, Legal Counsel, provided the board with an update on the New Market Tax Credit.

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
June 19, 2019 – 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 April 2019

RECOMMENDED ACTION:

Accept the Financial Report for period ending April 30, 2019.

BACKGROUND:

This item is intended to keep the Board apprised of the Lighthouse for Children (LFC) financial activity as of April 30, 2019 and to provide an opportunity to discuss and review financial activities for the reporting period.

KEY POINTS:

Revenues (\$123,633 - 84%)

Operating: (\$107,532 - 73%) – Expenses are within budget limits.

- Insurance Expense: (\$17,825 - 114%) – Insurance expenses were more than anticipated – primarily driven by the required Directors & Officers policy insurance cost of which the premium has increased.
- Administrative Contract: (\$0 - 0%) – The administrative contract with First 5 Fresno County will be paid in June.

FISCAL IMPACT:

Overall, expenses are within budget constraints and are less than projected for period ending April 30, 2019.

**LIGHTHOUSE FOR CHILDREN
FINANCIAL STATEMENT
APRIL 2019 (83%)**

Revenues

| | <u>Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance</u> | <u>Percent Variance</u> |
|-------------------------|--------------------------|--------------------------|-----------------|-------------------------|
| | <u>07/01/18-06/30/19</u> | <u>07/01/18-04/30/19</u> | | |
| Annual Rent Income | \$148,000 | \$123,333 | \$24,667 | 83% |
| Other Revenue/Donations | \$0 | \$300 | \$300 | 0% |
| Total Revenues | \$148,000 | \$123,633 | \$24,967 | 84% |

Expenses

| | <u>Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance</u> | <u>Percent Variance</u> |
|-------------------------|-----------------------|-----------------------|-----------------|-------------------------|
| Administrative Contract | \$10,500 | \$0 | \$10,500 | 0% |
| Professional Services | \$9,778 | \$5,677 | \$4,101 | 58% |
| Insurance & Taxes | \$15,682 | \$17,825 | (\$2,143) | 114% |
| NMTC Interest Payments | \$112,040 | \$84,029 | \$28,011 | 75% |
| Total Operating | \$148,000 | \$107,532 | \$40,468 | 73% |

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
June 19, 2019 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members
FROM: Emilia Reyes, Executive Director
SUBJECT: Fiscal Year 2019-2020 Lighthouse for Children, Inc. Proposed Budget

RECOMMENDED ACTION:

Approve the Lighthouse for Children, Inc. Fiscal Year (FY) 2019 – 2020 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 (F5FC) 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 may be updated upon completion of the financial audit.

Revenues

The FY 2019-2020 Proposed Budget includes rent revenue from the Master Lease Holder, First 5 Fresno County, for \$148,000.

Expenses

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 2019-2020 budget is necessary for the LFC to make acceptable and allowable financial decisions.

CONCLUSION:

The FY 2019-2020 Proposed Budget provides a financial framework to allocate funds and cover costs associated with maintaining the Lighthouse for Children, Inc.



FY 2019-2020 PROPOSED BUDGET

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

LIGHTHOUSE FOR CHILDREN, INC.
FY2019-2020 PROPOSED BUDGET SUMMARY

| Revenue | FY 2018-2019 Projected Actuals | FY 2019-2020 Proposed Budget | Variance |
|--|-----------------------------------|---------------------------------|------------------|
| Fund Balance | \$0 | \$0 | \$0 |
| Annual Rent Income | \$148,000 | \$148,000 | \$0 |
| Other Revenue | \$300 | \$0 | (\$300) |
| Total Revenue | \$148,300 | \$148,000 | (\$300) |
| Expenses | | | |
| Administrative Contract | \$9,126 | \$5,250 | \$3,876 |
| Administrative Contract Sub-total | \$9,126 | \$5,250 | \$3,876 |
| Insurance & Taxes Expense | | | |
| Insurance Expense | \$16,858 | \$17,701 | (\$843) |
| Taxes Expense | \$1,185 | \$1,500 | (\$315) |
| Insurance & Taxes Expense Sub-total | \$18,043 | \$19,201 | (\$1,158) |
| Professional Services Expense | | | |
| Legal Services | \$1,609 | \$2,700 | (\$1,091) |
| Auditing Services | \$4,445 | \$5,500 | (\$1,055) |
| Professional Services Expense Sub-total | \$6,054 | \$8,200 | (\$2,146) |
| New Market Tax Credit (NMTC) Expense | \$115,077 | \$115,349 | (\$272) |
| NMTC Expense Sub-total | \$115,077 | \$115,349 | (\$272) |
| Total Expenses | \$148,300 | \$148,000 | \$300 |
| Net Income | \$0 | \$0 | |

**FY 2019-2020 DETAIL BUDGET LINE ITEMS
COST ANALYSIS AND JUSTIFICATION**

| Administrative Contract | FY 2019-2020 Proposed Amount |
|---|---|
| <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) 2019-2020 through this agreement are \$5,250.</p> | \$5,250 |
| Administrative Contract Total | <u>\$5,250</u> |

| Insurance & Taxes Expense | FY 2019-2020 Proposed Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------------|-----------------|-----------------|------------------------------------|------------------------|--|----------------------------------|--|--|--|--|--|--|---------------------|----------|---|----|---|--|----------|--------------------|---------|---|----|---|--|---------|--|--|--|--|--|----------------------------|------------------------|----------------------------|--|--|--|--|--|--|--------------------------|---------|--|--|--|--|---------|-----------------------|-------|--|--|--|--|-------|--|--|--|--|--|----------------------|-----------------------|--|--|--|--|--|------------------------------------|------------------------|--|
| <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. A five percent increase from the FY 2018-2019 amounts is recommended by the insurance broker contractors.</p> | \$19,201 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>FY 2018-2019 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"><u>Insurance Expenses</u></td> </tr> <tr> <td>SPIP Annual Premium</td> <td style="text-align: right;">\$12,192</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;">\$12,802</td> </tr> <tr> <td>D&O Annual Premium</td> <td style="text-align: right;">\$4,666</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;">\$4,899</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">Insurance Sub-total</td> <td style="text-align: right;"><u>\$17,701</u></td> </tr> <tr> <td colspan="7"><u>Tax Expenses</u></td> </tr> <tr> <td>990 Form Preparation Fee</td> <td style="text-align: right;">\$1,200</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$1,200</td> </tr> <tr> <td>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;">Tax Sub-total</td> <td style="text-align: right;"><u>\$1,500</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">Insurance & Taxes Total</td> <td style="text-align: right;"><u>\$19,201</u></td> </tr> </tbody> </table> | | <u>FY 2018-2019 Amount</u> | | <u>Increase</u> | | | | <u>Insurance Expenses</u> | | | | | | | SPIP Annual Premium | \$12,192 | x | 5% | = | | \$12,802 | D&O Annual Premium | \$4,666 | x | 5% | = | | \$4,899 | | | | | | Insurance Sub-total | <u>\$17,701</u> | <u>Tax Expenses</u> | | | | | | | 990 Form Preparation Fee | \$1,200 | | | | | \$1,200 | Parcel Tax Assessment | \$300 | | | | | \$300 | | | | | | Tax Sub-total | <u>\$1,500</u> | | | | | | Insurance & Taxes Total | <u>\$19,201</u> | |
| | <u>FY 2018-2019 Amount</u> | | <u>Increase</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Insurance Expenses</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SPIP Annual Premium | \$12,192 | x | 5% | = | | \$12,802 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D&O Annual Premium | \$4,666 | x | 5% | = | | \$4,899 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Insurance Sub-total | <u>\$17,701</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Tax Expenses</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 990 Form Preparation Fee | \$1,200 | | | | | \$1,200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parcel Tax Assessment | \$300 | | | | | \$300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Tax Sub-total | <u>\$1,500</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Insurance & Taxes Total | <u>\$19,201</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Professional Services Expense | FY 2019-2020 Proposed Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|------------------------------------|-----------------------|--|--------------------------------------|--|--|--|--|--|---------|-------------------|--|--|--|--|--|---------|--|--|--|--|--|------------------------------------|-----------------------|--|
| <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 the LFC nears the end of the loan's term in 2020.</p> | \$8,439 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Items</u></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Legal Services 12 hours @ \$225/hour</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$2,700</td> </tr> <tr> <td>Auditing Services</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$5,500</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">Professional Services Total</td> <td style="text-align: right;"><u>\$8,439</u></td> </tr> </tbody> </table> | <u>Items</u> | | | | | | | Legal Services 12 hours @ \$225/hour | | | | | | \$2,700 | Auditing Services | | | | | | \$5,500 | | | | | | Professional Services Total | <u>\$8,439</u> | |
| <u>Items</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Legal Services 12 hours @ \$225/hour | | | | | | \$2,700 | | | | | | | | | | | | | | | | | | | | | | | |
| Auditing Services | | | | | | \$5,500 | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Professional Services Total | <u>\$8,439</u> | | | | | | | | | | | | | | | | | | | | | | | |

| New Market Tax Credit (NMTC) Expense | FY 2019-2020 Proposed Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------|-----------------|-----------------|---------------------------|-------------------------|--|----------------------------|----------|---|---|---|--|----------|-------------------|----------|---|---|---|--|----------|--------------------|---------|--|--|--|--|---------|--|--|--|--|--|---------------------------|-------------------------|--|
| <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> | \$115,349 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>CDE Investors</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Amount</u></th> <th style="width: 10%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Quarters</u></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Central Valley NMTC Sub IV</td> <td style="text-align: right;">\$14,169</td> <td style="text-align: center;">x</td> <td style="text-align: center;">4</td> <td style="text-align: center;">=</td> <td></td> <td style="text-align: right;">\$56,676</td> </tr> <tr> <td>LIIF Sub-CDE XXIV</td> <td style="text-align: right;">\$13,841</td> <td style="text-align: center;">x</td> <td style="text-align: center;">4</td> <td style="text-align: center;">=</td> <td></td> <td style="text-align: right;">\$55,364</td> </tr> <tr> <td>NMTC Audit Expense</td> <td style="text-align: right;">\$3,309</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$3,309</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">NMTC Expense Total</td> <td style="text-align: right;"><u>\$115,349</u></td> </tr> </tbody> </table> | <u>CDE Investors</u> | <u>Amount</u> | | <u>Quarters</u> | | | | Central Valley NMTC Sub IV | \$14,169 | x | 4 | = | | \$56,676 | LIIF Sub-CDE XXIV | \$13,841 | x | 4 | = | | \$55,364 | NMTC Audit Expense | \$3,309 | | | | | \$3,309 | | | | | | NMTC Expense Total | <u>\$115,349</u> | |
| <u>CDE Investors</u> | <u>Amount</u> | | <u>Quarters</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Central Valley NMTC Sub IV | \$14,169 | x | 4 | = | | \$56,676 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LIIF Sub-CDE XXIV | \$13,841 | x | 4 | = | | \$55,364 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NMTC Audit Expense | \$3,309 | | | | | \$3,309 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | NMTC Expense Total | <u>\$115,349</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |