

Community Services Associates, Inc.
Finance Committee Meeting
September 17, 2019

On Tuesday, September 17, 2019, a regular meeting of the Community Services Associates, Inc., (CSA), Finance Committee, was held at the CSA Administration Building, 175 Greenwood Drive, Hilton Head Island, SC 29928.

Roll Call

Present:	Scott Calahan Lisa Laudermilch Stu Rodman	John Farrenkopf Lee McCollum Michael Tucker	David Herskovits Larry Movshin Ray Warco
Via Phone:	Lee Ann Leahy	John McEney	
Absent:	Carolyn Adams	Richard Speer	
Guest:	Barry Barth	Bill Johnson	
Ex-Officio:	Mark Griffith		
Staff:	Bret Martin Tracey McNeill	Victoria Shanahan	David Henderson

Call to Order

The meeting was called to order by Stu Rodman, Chair, at 9:00 a.m., Eastern Time.

Ratify Approval of the May 14, 2019 Meeting Minutes

The May 14, 2019, Finance Committee meeting minutes were approved. David Hershkovits made the following motion, seconded by Larry Movshin and unanimously carried:

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, approved the minutes of the May 14, 2019, meeting, as submitted”.

Financial Update

Acceptance of Unaudited YTD/July 2019 Financial Statements – Victoria Shanahan

- The YTD/July 2019 financial statements were reviewed.

The balance sheet as of July 31, 2019, was reviewed. Total assets, rounded to the thousands, on an accrual basis, were \$21,806, a decrease of \$855 compared to the same period last year.

A total fund balance of \$20,593 was reported, a decrease of \$381 over the same period last year.

The income statement as of July 31, 2019, YTD, was reviewed. Actual revenues, rounded to the thousands, over expenditures were \$3,991 resulting in a positive variance to budget of \$663.

The YTD/July 31, 2019 Financial Statements were approved. Lee McCollum made the following motion, seconded by Larry Movshin and unanimously carried:

“RESOLVED, the Community Services Associates, Inc., Finance Committee, approved the YTD/July, 31 2019 Financial Statements, as submitted”.

New Business

Budget Amendments – Victoria Shanahan

- Staff requested a \$51,260 budget amendment to fund an increase in medical insurance premiums, a deposit required for 2 new trolleys \$77,360.50 and a reclassification of maintenance projects to fund carpentry, tree removal, tree trimming, roadsides and road repair and maintenance of \$180,500.

Lee McCollum made the following motion, seconded by Larry Movshin and was unanimously carried:

“RESOLVED, the Community Services Associates, Inc., Finance Committee, recommended a \$51,260 budget amendment to fund an increase in medical insurance premiums, a deposit required for 2 new trolleys \$77,360.50 and a reclassification of maintenance projects to fund carpentry, tree removal, tree trimming, roadsides and road repair and maintenance \$180,500”.

2019 Forecast – Victoria Shanahan

- As of July 31, 2019 the 2019 forecast is favorable to budget by \$314K. This is primarily attributable to an anticipated decrease in marketing fund expenditures.

2020 Budget – Victoria Shanahan

- The 7 year plan recommends approximately \$1,800,000 in MR&R expenditures in 2020 resulting in a deficit of \$500,000. Financial policy requires 30-40% fully funded. Drawing on reserves of \$500,000 will keep us within policy. Sense of committee \$500,000 deficit is appropriate but not a situation that can be maintained in the future.

Special Assessment Credit Options – Victoria Shanahan

- The 2020 assessment bills will contain a credit for the Hurricane Matthew Special Assessment. The Committee discussed providing options on the assessment invoice to donate the credit to the Sea Pines Forest Preserve or as a voluntary contribution to CSA.

It was noted that this will create an added burden on the Finance Department to ensure the credits are distributed properly.

Decal Renewal – Victoria Shanahan

- The committee discussed an increase to decal costs to offset the costs associated with the upgrade to ABDi. It was determined that this should be addressed by the Gate Entry Committee.

Investment Review – Victoria Shanahan

- Investments were reviewed as of May 31, 2019 to determine if the credit ratings were in line with our investment policy. All maintained acceptable ratings with the exception of 14% of investments that were rated as BBB+ or lower. Due to the maturity dates and market volatility, the Finance Committee put a watch on these investments.

Line of Credit Update – Victoria Shanahan

- The line of credit with BB&T was renewed for \$5,000,000 at prime plus 5% with a \$6200 renewal fee.

Status of the 2018 Income Tax Returns –

- The 2018 990 has been completed by Elliot Davis and is ready for review. A sub committee was formed to review the 2018 990.

Carolina Place Roadways – Victoria Shanahan

- The Carolina Place homeowners association has asked if CSA would take ownership of their private roads. It was the committee's determination that under the current financial position there is no reason to add additional roads to our responsibilities. Lee McCollum made the following motion and David Herskovits seconded and was unanimously carried:

“RESOLVED, the Community Services Associates, Inc., Finance Committee, recommended that the CSA Board suspend the road acquisition policy indefinitely due to financial constraints”.

Old Business

Independent Audit RFP - Victoria Shanahan

- We received a proposed engagement letter for the independent audit of the financial statements as of December 31, 2019 that included a quote of \$34,500. This was only down from the previous year by \$600 with the financial statements being drafted in house. Mr. Rodman is to set up a call with Brandon Renaud of Elliot Davis to discuss their proposed quote.

Hurricane Irma Special Assessment –

- Costs associated with Hurricane Irma are approximately \$300,000. The Finance Committee recommends a special assessment be assessed for actual expenses related to Hurricane Irma. Ray Warco made the following motion, seconded by David Hershkovits and was unanimously carried:

“**RESOLVED**, the Community Services Associates, Inc., Finance Committee, recommends a special assessment be assessed for actual expenses related to Hurricane Irma”.

Adjournment

With no further business to come before the Committee, Chair Rodman adjourned the meeting at 10:45 a.m.

Respectfully Submitted,

Stu Rodman
Chair