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**Finance Committee Meeting**  
Thursday, February 25, 2021 1:00 pm - 2:00 pm  
Via Zoom: **Meeting Link Sent Upon Registration Confirmation**

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Time	Agenda Item
1:00 PM	Welcome & Call to Order
1:05 PM	First 8 Memphis January - June 2020 Financial Audit
1:20 PM	Approval of Minutes from November 19 <sup>th</sup> Finance Committee meeting
1:25 PM	Executive Director Update
1:40 PM	Review November, December & January Financial Statements
1:55 PM	Next Steps
2:00 PM	Adjourn

FY21 Finance Committee Meeting Dates  
Thursday, September 24, 2020  
Thursday, November 19, 2020  
Thursday, February 25, 2021  
**Thursday, May 27, 2021 (next meeting)**



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**First 8 Memphis Finance Committee Meeting**

**Date:** February 25, 2021

**Time:** 1:00pm - 2:00pm

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**Committee Members Present:** Kathy Buckman Gibson, Amber Huett-Garcia, Mary McDaniel, and Keva Latham

**Committee Members Absent:** Michael Whaley

**Staff Present:** Dr. Kandace Thomas and LaDora Watkins

**Visitors Present:** Ronday Hughey (Hughey's Debits and Credits), Mark Nicolas and Matt Jones (Dixon Hughes Goodman)

### Call to Order and Opening Remarks

The meeting was called to order at 1:13 p.m.

### Review of November 19, 2020 Finance Committee Meeting Minutes

A motion to approve the November 19, 2020 First 8 Memphis (F8M) Finance Committee Meeting Minutes was made by Director Mary McDaniel with a second by Director Amber Huett-Garcia. The minutes were accepted without objection.

### Committee Business

#### January - June 2020 Financial Audit

Dixon Hughes Goodman (DHG) representatives Mark Nicholas and Matt Jones shared the results of the F8M January - June 2020 financial audit. Dixon Hughes Goodman is pleased to report an unmodified opinion or clean opinion free of material misstatement, specifically:

- No difficulties of disagreement with management
  - No material weaknesses in internal controls
  - Management corrected all misstatements identified during the audit. DHG assisted management in the evaluation of revenue recognition
  - No new accounting policies to report this year
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Prior year recommendations of program review and internal audit procedures were found to be working well, including cybersecurity. All Personally Identifiable Information is maintained by a sub-contractor, The University of Memphis; there is no recommendation.

**Other discussion:**

- The audit took longer than what was anticipated. The audit started in September but other commitments and syncing of calendars hindered good communication between auditors and staff. Going forward, the auditors will focus on one entity at a time (between Seeding Success and F8M). Ideally, an audit should take two months. Auditors projected that the next audit report can be prepared by November 1st.
- It was recommended that F8M revisit audit RFP and look at potential firms. Ronda will take a look at the original RFPs to bring forth a set of recommendations in May. It was suggested that other firms other than what came in may need to be identified.

**ACTION ITEM:** LaDora will send out the audit presentation that includes contact information for Mark and Matt

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**Executive Update**

- Operator payments: Q1 and Q2 electronic operators payments have been made. Internal processes were implemented with the assistance of Director Keva Latham and Chair Kathy. Q3 payments will be processed over the next few weeks; Q4 payments are based on reimbursement. Pre-K Operator financial materials are being received by Ronda and LeAmber.
- Office move: F8M signed a month to month lease with the Urban Child Institute (UCI) as Junior Achievement sold its building sooner than expected. F8M moved into UCI's office on March 1, 2021.
- Tennessee Community CARES Reimbursement Grant and Loan: The state of Tennessee has issued one of two reimbursement checks to F8M. F8M is still negotiating Pre-K devices contracts with the University of Memphis and Perea PreSchool. Both entities feel that F8M should be liable for the Pre-K devices which is contrary to what the contract states.
- There have been recent revisions to the financial policies. The substantive highlights are indicated in yellow in the Finance Committee materials packet:



- Clarified that Treasurer has access to all bank accounts, can act in lieu of Executive Director
- Missing language was added: staff will notify Finance Committee if there are any tax issues, etc., with bank account and institutions
- Workflow to show where the money moves through (pg 34 of materials packet)
- Outlined four bank accounts,
- Added more detail around the Pre-K operator payments, info about 990, reconciling bank statements, etc.
- Changes made to the Procurement and Purchasing section of policies on page 35 - purchases exceeding \$30,000 require a competitive bid, payments over \$25,000 require approval by the Executive Director and the Board Chair. Any check over \$50,000 requires two signatures (Executive Director and someone from Finance Committee starting with Treasurer then another member of Finance Committee)
- Purchases over \$100,000 need Finance Committee and full Board approval. Will revisit this for next year

**Action Item:** Think through and bring forward updated process language around check approvals and signatures. Suggested that payments and checks will go to the Treasurer and not the Board Chair. Typically the process of approval and signature is the same for the second signature. \$50,000 or more require two signature

At 2:00 p.m., the meeting adjourned until March 1, 2021 at 4:45 p.m. At that time, the Committee will review the financial statements.

### **March 1, 2021 Finance Committee Meeting**

The meeting started at 4:50 p.m.

### **Review of November, December, and January Financial Statements**

- Highlights for November -
  - P and L Income sheet - Legal fees stood out 6% variance in professional feeds 25%. Conversation with Maycomb is that this can not be the standard. An estimated column was added to the Budget to Actual sheet.



- Highlights for December - In December, grant income was for Tennessee Care. Reimbursement will be mailed to Seeding Success. Classroom expenses were estimated due to outstanding reconciliation reports. Personnel expenses increased because staff bonuses were paid. Consulting fees increased due to the MTech contract for Tennessee Community CARES Reimbursement Grant.
- Highlights for January - The legal fees also increased due to the reimbursement from our funders which was withheld to pay the legal fees. Interest charges In January, another payment was made towards the First Horizon loan.
- We will see savings in the following line items: recruiter fees because we are partnering with Momentum NonProfits, intern stipend, travel and professional development, and personnel that can be rolled over into next year.

**A motion to approve the November, December, and January financial statements was made by Director Mary McDaniel with a second by Director Amber Huett-Garcia. The financial statements were accepted without objection.**

The meeting was adjourned at 4:58 p.m.