

SSA #25 Meeting
Tues, 1/18/2011
Meeting Called to Order at 9:00 am
Meeting Adjourned at 11:00 am

In attendance:

Mark Doyle, Dan Villarreal, Pascual Villarreal, Dan Arce, Alfredo Avila, Florentina Rico, Nilda Esparza, Pat Burke and Alejandro Castro

Absent:

Elena Duran, Mike Moreno, Salvador Pedroza, Ric Porrez and Dr. Derrick Wallery

December 9, 2010 Meeting Minutes Approved:

- Dan Arce motions to approve minutes, Alfredo seconds. All approve.

Friedman & Huey Associates:

Pat Burke

- Review of Friedman & Huey's role versus the auditor's
- Dr. Wallery asked F&H to get involved about 18 months ago when he took over as treasurer. Things were behind; the audits had not been done, in a bit of disarray.
- Pat and chief bookkeeper, Jennifer, came in, got things in order, helped train staff. When Luis left and Nilda took over, picked up again and made sure everything was in order and brought things forward.
- F&H is to act as accounting support; internal resource, provide training in QuickBooks, respond with IRS notices, payroll tax issues.
- SSA activity is simple, time charged separately
- The goal is to make sure the books are solid as of Dec. 31st for when the auditors come in Feb. 14th. Report needs to be to the city first week of May.
- F&H can help with adjustments to the books making sure everything is reconciled. Rolling forward we will be responding to notices. As time goes on time will be on a consultant basis. More work is at year-end to make sure the books are ready for the auditor; if everything is clean the audit costs less.

Mark

- F&H have come in and are a valuable asset. Sat in on Friday's meeting with Jennifer, helping Florentina to complete entries. We are looking to add more users to QuickBooks. What is your opinion?

Pat Burke

- Because everybody is fairly new, 3-4 months in, one of the things Jennifer had suggested, allowing more people to access the books it would streamline things. For example, Nilda could run reports herself. You want to as much as possible, separate the duties. In an ideal situation the person writing the checks and making deposits not to have access to making adjustments to the books. In a small organization it's not always practical, by going to a 3 user set up, cost is very minimal. You can limit access, only run reports, can't make entries. By training to shift internally less it costs for F&H. the most efficient use of our time would be to act as a resource. To have Jennifer come in is 80% Jennifer, 20% Pat.

Mark

- SSA account is simple, there's basically one account. The credits are numerous which are easy to audit. The debits require two signatures.

Pat Burke

- That's only one aspect of it. You can figure where the cash comes in and where it comes out. The way that the budget is set up and the way you're required to report to the city there's myriad different accounts and subaccounts of subaccounts. Things are needlessly complicated; part of the training, Jennifer's time is looking at where

things are charged and moving things around. Tracking cash in, cash out is not an issue; it's just getting in a format. The prior consultant made a strong emphasis on making sure that we did that, the auditors line up their audit with the way we do it. Anticipating the time on SSA for this coming year will be significantly lower than it was in prior years.

Alejandro

- Have worked on policy and procedures for the accounting to be reviewed with Mark before presented.

Pat Burke

- The auditors will always look at that, an internal controls evaluation. The city grant auditor wanted to see procedurally how we do things, how the signature all works. They were very satisfied, the auditors had no comments in 09, and their managements letter indicated everything was in order. Pat had the auditors come in and meet Nilda to make sure they were familiar with the transition and developed the timeframe and set up for them to come in February 14th.

Mark

- How much money can the chamber make before it's considered for profit?

Pat Burke

- There are non-profits that make tens of millions of dollars, it doesn't mean you can't make a profit, ideally if a non-profit is run well you will have a surplus that will go into the kiddy. There are two aspects with a nonprofit (1) the chamber is a 501 (c) 3 charitable organization, the sole purpose has to be like the mission says (2) private individuals can't profit unreasonably. That's key to distinguish between for profit and nonprofit. For example, if member had a business to sell, the chamber buys business, the chamber would have to pay income tax. The chamber can't operate a business that competes with other for profits. There's a gray area with for profit and nonprofit hospitals. If those side businesses start to overwhelm the primary mission of the organization, then you're put at risk. Everything that the chamber does gears towards that mission. Ideally you always want to either break even or have a surplus, in the long run if you keep running deficits it won't be around.

Mark

- Knows of some non profits that have created for profit organizations within the same shell. The profit generated from those for profits can be paid to the non profits, tax free. UNO is doing that.

Pat Burke

- What we have are limited liability companies. They do that because this for profit enterprise was beginning to overwhelm the mission, so by separating out into its own for profit business. Example, Newman's own, salad dressing company, the owner of that company is his foundation, the company itself pays income taxes, without regard to who the share holders are, it just so happens a nonprofit. Any income this for profit enterprise makes they have to pay their income taxes, they can in turn pay dividends to the nonprofit and since a nonprofit by statute doesn't pay income taxes on those investment earnings, there's no second tax.

Mark

- The Chamber, for example, could start their own company, an LLC, that cleans streets and picks up garbage. A for profit company that does that work and then the SSA could conceivably hire them, it's a \$100,000 a year business.

Pat Burke

- One of the cautions, from the Irish Center, there was a big push to set up a gift shop to sell stuff, for profit. The problem we had, we were getting push back from all the various Irish import stores by saying you're big footing on what we're doing. It caused such antagonism; it ended up being a PR disaster. If the Little Village wanted to go into a for profit enterprise, you'd have to be conscious of how it would be

reacted to in the community. Then you have all the labor issues, you would be hiring union and all the various things that you have to navigate in this community.

Mulcahy, Pauritsch, Salvador & Co., LTD, Engagement Letter for 2010 Audit:

- Dan Arce motions to approve engagement letter, Pascual seconds. All approve.

Arch

Alejandro

- Brought to Governance Committee
- \$50, 000 grant with Senator Martin Sandoval
- Cesar Santoy, HACIA, possible cost analysis pro bono

Pascual

- The goal is to bring the arch up to code then beautify

Alfredo

- Business owners might want to chip in for improvements

Alejandro

- Process, contest for best architect design

Mark

- Look at the best option then back off services

Dan Arce

- Who owns the arch? Possibly advertise on the arch.

Alfredo

- Whoever wins the contest gets the contract
- There's no structural work

Budget and Contracts

- There has only been one bid submitted for sidewalk cleaning.
- RFPs are on the website
- Has been advertised in local papers: Hoy, Un Buen Doctor, La Prensa, El Dia News and Nuevo Siglo News
- One option would be to include the budget in the RFP
- Need to get more bids on contracts
- Need to set up meeting to review budget
- Garbage can maintenance report needs to be included in contract

Next meeting to discuss budget and two contracts:

- Tuesday, January 25 at 10:30am at LVCC

Community and Public Input

- No community or public present

Dan motions to adjourn, Pascual seconds, all in favor. Meeting adjourned.