

KIAWAH ISLAND  
COMMUNITY  
ASSOCIATION

FINANCE COMMITTEE

Meeting Minutes

July 5, 2023 at 8 a.m.

Virtual

**Members Present:**

Virtual: Lisa Mascolo – Chair of FC, Paul Hennessy, Bran Petranovic, Jeff Porter, Debbie Diddle, Jim DiLella, Michael Petrecca

Not Present: Paul Hough

**Staff Present:**

Shannon White - COO, Dale Schoon - Director of Finance, Tony Elder - Director of Ops, Ellen Festa - Exec Asst.

**Meeting Minutes**

Lisa M. called the meeting to order at 8:10 a.m.

Lisa reviewed the high-level timeline and process for selection of new Auditor.

- May 15 – RFP / Questionnaire Finalized and sent to 12 Firms
- June 2 – Proposal submission deadline - Received 5 proposals
- June 7 – Proposal evaluation scoring matrix developed
- June 13 – Determined three firms (GFC, FORVIS, Veris) for further evaluation
  - Two firms eliminated due to size (too small) and fees (too great)



- June 28 – Subcommittee met with each of the three candidate firms, heard presentations, asked questions relevant to 990 preparation, internal controls approach, and Keefe McCullough transition approach.

The unanimous recommendation of the Finance Committee sub-group (Lisa Mascolo, Jeff Porter, Jim DiLella, Michael Petrecca and Dale Schoon) is Forvis. Several reasons shared by the sub-group.

- Relevant non-profit experience and strong 990 practice
- Clear understanding of the timelines for both 2022 990 and annual audited financials
- Prepared to assist in evaluation of internal controls and make recommendations
- Impressed with Forvis's ability to service KICA with regards to any staffing turnover.
- Jim D. felt they represented themselves very well and was impressed with their professionalism.
- Michael P. was impressed that they brought their entire senior staff to the interview.
- Jeff P. felt their size and ability to handle staffing turnover was a big plus.

Paul Hennessy asked if they had an HOA practice.

They do have HOA experience and clients, but not a specific separate HOA practice.

Bran P. asked if they had any questions about previous auditor.

Lisa M. commented that she did make it clear to all 3 candidates that there was no financial related issue with previous auditor or with KICA team – it was not raised as an issue by Forvis.

Debbie D. asked if it was going to be a 3-year contract or engagement letter. She would like to see a 3-year contract – may be able to get better pricing and also after the first year, audits would be smoother since they will be familiar.

Lisa stated we typically have an engagement letter for the time period, but should definitely consider a 3-year contract.

Paul Hennessy asked if KICA will have a dedicated team with Forvis.

The answer is yes.

**To Do:** Dale will go back to Forvis – possibly waive the 5% overhead admin charges if we do a 3-year contract.



Lisa said Forvis will begin with 990 by looking at Keefe McCullough (KM) work papers. KM is willing to cooperate with the transition and we expect communication between the two firms. Lisa asked if Dale had any concerns about Forvis. He had no concerns and is looking to have a remote audit, but would welcome an on-site visit if practical, once we officially engage Forvis.

Bran asked if the sub-committee will be involved in the transition. Typically, the FC doesn't get involved in the day-to-day of KICA. Dale stated it would primarily be with KICA Staff, typically, the Board Chair and Treasurer being interviewed as part of the on-boarding process. Any thoughts, concerns from the full FC can be collected and communicated by Lisa to the Forvis team when they interview her.

Lisa M. asked for a motion to select Forvis as our next auditor for 3 years. So moved by Paul Hennessy, seconded by Debbie Diddle. All present were in favor. Unanimous recommendation to the Board of Directors by the Finance Committee selecting Forvis as the new auditor will be brought to the Board at the Formal Board meeting on July 10, 2023.

Member Andy Capelli asked if the Managing Director listed as part of the engagement team was a Partner of the Forvis firm and do they have the authority to bind the firm?

Dale confirmed that the managing director is a partner and has the authority to bind Forvis.

Member Andy Capelli also commented on the importance of forming an Audit Committee – should oversee the activities of the auditors, should be an Audit Committee, not the Finance Committee. Lisa commented Audit Committee topic is an ongoing discussion and is on top of the Finance Committee's to do list. While Audit Committee is not a legal requirement, since we're not publicly traded, but is considered Best Practice, this will be a primary ongoing consideration.

Debbie Diddle suggested that the Finance sub-committee stay in place through the transition and provide oversight and assistance. All were in agreement with this approach.

Lisa M. asked for a motion to adjourn. So moved by Michael P. seconded by Jim D. Meeting was adjourned at 8:37 a.m.

*Respectfully submitted,*

*Ellen Festa, Executive Assistant*

