

West Volusia-Daytona Beach
Report to Merger Committee
August 14, 2007

Sub-Committee: **Finance**

Date: 8/14/07

Benefits of Merger

A larger organization is generally thought to increase the financial capacity of the organization. This Sub-Committee is testing that thought.

Areas the sub-committee reviewed.

The Sub-Committee has spent extensive time reviewing the financial issues related to the two Associations. They have reviewed audits, debt capacity, reserves and policy on reserves, separate branch accounting, endowment policy and practice, leasing verses owning, cash flow and capital asset value.

Key Issues

The Sub-Committee has determined that there are four "key issues" that need further investigation:

1. Process of decision making on spending of reserves
2. Debt capacity for the merged organization
3. WV bond information made aware to both Associations
4. Conflict of interest for board members and staff

Proposed "potential reasonable resolutions"

The Sub-Committee has not had time to identify any potential reasonable resolution and feels that these issues need to be resolved.

Directions on other identified areas of concern.

The sub-committee identified a number of issues that need further discussion. An area that arose at the last meeting was about language in the WV bond documents that might commit future cash flow from the merged organization.

Recommendation on Letter of Intent

The Sub-Committee is currently not in agreement with moving forward until these issues are discussed and a potential reasonable resolution has been identified.