

**QUONSET DEVELOPMENT CORPORATION
MEETING OF THE AUDIT-FINANCE COMMITTEE**

SEPTEMBER 15, 2009

PUBLIC SESSION MINUTES

A meeting of the Audit Finance Committee of the Quonset Development Corporation (the "Corporation") was held at 4:00 p.m. on Monday, September 15, 2009, at the offices of the Corporation located at 95 Cripe Street, North Kingstown, Rhode Island, pursuant to notice to all members of the Audit-Finance Committee and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following directors constituting a quorum were present and participated throughout the meeting as indicated: Barbara Jackson and John G. Simpson. Absent was Keith Stokes. Also present were: Steven J. King, P.E, Managing Director; Kevin M. Barry, Finance Director; Robert H. Breslin, Jr., Director; and representatives from Braver Accountants & Advisors.

1. CALL TO ORDER:

The meeting was called to order at 5:00 p.m. by Ms. Jackson.

2. APPROVAL OF MINUTES:

Upon motion duly made by Mr. Simpson and seconded by Ms. Jackson, the Committee:

VOTED: To approve the public and executive session minutes of August 04, 2009 and to keep the executive session minutes sealed until deemed unnecessary to keep sealed.

Voting in favor were: Ms. Jackson and Mr. Simpson.

Voting Against were: None.

Unanimously Approved..

3. REVIEW OF FY2009 AUDITED FINANCIAL STATEMENTS:

Mr. Barry reviewed the FY2009 Audited Financial Statements and made note of the following:

- Operating Income (page 3) changed from \$59,677.00 to -\$291,064.00 due to depreciation

- Non-Operating Revenue/Expense shows a positive \$154,000 this year compared to FY2008 which reflects a \$2,000,000.00 loss (resulting from the \$3,000,000 paid to the State)
- Summary of Major Operating Expenses, except for Depreciation and Utility Services, Operating expenses went down from FY2008
- Net Assets, Unrestricted is listed as \$4,418,928.00; the Committee discussed the language in Note 9 and decided to add an additional footnote (Note 10) which will outline subsequent events that will outline how the funds are already contractually obligated
- Prior Year Adjustment was necessary to cover an oversight from 2005 for a land sale to Sunshine Child Development Center. The land sale involved a note not due for 20 years and which was not reflected on the books. Therefore, there was:
 1. Understatement of notes receivables in the amount of \$193,570
 2. Overstatement of capital assets by \$80,000
- There are no auditor's comments.

The Committee questioned if payroll was tested to determine that there were indeed a real employee and/or contractor for each person on the payroll. The auditors tested the system that controls payroll and found no issues. Mr. King noted that the Corporation also tests payroll annually by having each employee sign for their check.

Upon questioning, Mr. Barry confirmed that no employee takes a company car home at night.

Mr. James Prescott of Braver Accountants & Advisors formally reviewed with the Committee the Corporation's and the auditor's responsibilities under GAAP.

Upon motion duly made by Mr. Simpson and seconded by Ms. Jackson, the Committee:

VOTED: To approve FY2009 Audited Financial Statements as modified, subject to the approval of the Auditor General.

Voting in favor were: Ms. Jackson and Mr. Simpson.

Voting Against were: None.

Unanimously Approved..

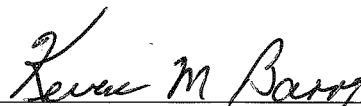
Mr. Simpson asked if the proper controls were in place now to avoid missing transactions that resulted in the prior year adjustment. Mr. Barry, Mr. King and the auditors agreed that controls have been added such as reviewing the Board meetings against the financials. In this particular case, there was no cash

transaction to leave a trail for future audits, such transactions are unlikely to happen in the future.

The Committee continued to discuss Note 9 and decided to add page 17 to the statement which would be dedicated to Note 9. The Committee also decided to indicate the page number after the original Note 9 reference on the Statement of Net Assets.

There being no further business to come before the Committee, upon motion duly made by Mr. Stokes and seconded by, Mr. Simpson the meeting was adjourned at 4:55 p.m.

Respectfully submitted:

By: 

Kevin M. Barry
Finance Director