

Church of the Epiphany
Finance Commission
November 11, 2008

Meeting Minutes

Commission Members Present: Alan Savage (Chair), Doug Fischer (Vice-Chair), Debbie Hawkins, Joel Jacobs, Jeff Kearney, Miles Kennedy, Gail Mikolich, Kent Roessler, and Mike Lentz (Ex-Officio and Parish Administrator).

Commission Members Absent: None

Others Present: Fr. Dennis Zehren (Pastor), Fr. Shane Campbell (Associate Pastor), Tim Sullivan (Trustee), Bob Mueffelman, (Council-at-Large), Greg Mueller (Stewardship Commission), Jennifer Heiling (Epiphany Accountant), Debra Brei (Froehling Anderson) and Doug Galka (Froehling Anderson).

Meeting Minutes:

1. Call to Order

Chair Savage called the meeting to order at 7:20 p.m.

2. Opening Prayer

Fr. Zehren led the commission in prayer.

3. Approval Of Minutes

The minutes of the October 14, 2008 Finance Commission were reviewed prior to the meeting via e-mail. **No action taken.**

4. Old Business

Chair Savage asked that all “old business” items, subcommittee reports, and member reports usually discussed at the meeting to be tabled until the December Meeting so that we can devote the current meeting for the draft audit report and other “new” business.

5. Subcommittee Reports

Tabled – see note for Item 4.

6. Vice-Chair/Secretary Report

Tabled – see note for Item 4.

7. Chair Report

Tabled – see note for Item 4.

8. Administrator Report

Tabled – see note for Item 4.

9. Pastor Report

Tabled – see note for Item 4.

10. New Business

A. 2007-2008 Audit Report – Froehling Anderson

Debra Brei and Doug Galka of Froehling Anderson were on hand to discuss the draft 2007 and 2008 Audit Report. Three draft letters addressed to the parish council and a draft financial statement and independent auditor's report was presented to the commission. Items of particular note and discussion were:

- The report noted two material weaknesses: *Segregation of Duties*, and *Lack of Control over Financial Disclosures*. While these are legitimate concerns and should be noted by council and staff, these items are prevalent in small organizations such as churches where a full-time CPA and larger accounting staffs are not available.
- Several recommendations by the audit centered on internal control and other operational matters. Of special concern was the accounting of cash disbursements. As with most churches, due to the nature of our collections we receive a large amount of cash directly. The report recommended tighter controls over the receipt and depositing of cash.
- In past years' audits, the parish was cited with an issue of going concern regarding the parish's mounting debt and declining revenue sources. This year's audit removed this item as a going concern due to the re-implementation of school tuition and modest improvements to the reduction of long-term debt.
- New requirements for the depreciation of fixed assets were discussed at great length in the report and by the commission members. Currently assets are tracked via original purchase cost, accumulated summaries and insurance assessments. A more realistic appraisal would include a complete inventory of fixed capital assets. While this lack of data does not conform with accounting standards, the need for this information is less critical for non-profit organizations such as ours since it is generally used for tax write-off purposes by general businesses. It may be beneficial for the parish to consider establishing better fixed asset inventories in the event of future financial borrowing, internal control over assets and insurance purposes, but because the work involved to establish and maintain these inventories is substantial, we would have to look carefully at how we would do this. Several methods were discussed such as a "lump sum" value for past year's and then keep detailed records moving forward. Parish Administrator Lentz noted that he could come back with a proposal on inventory and capital asset management.
- Overall debt went down.

- Revenues from general giving were down from the previous year but not as much as expected with the re-implementation of tuition.

Action Item: Lentz to bring proposal to the December commission meeting.

B. Operations Committee – Housing Request (Lentz)

Parish Administrator Lentz brought up to the commission that the parish council would be having a discussion about a skilled nursing home facility at Epiphany with a focus on whether or not the existing parish property would even be adequate for such a facility. More information will come back to the Finance Commission depending on the direction given by the council.

C. Selection of 2008-09 Auditors (Lentz)

Parish Administrator Lentz discussed that he would like to keep Froehling Anderson on for the upcoming year. Several considerations supporting this decision are that F/A keeps rotating internal staff into the actual hands on review which gives a fresh look at our records, Epiphany changed accounting database this year so tracking records from last to next year may take more work by a new firm, and the cost from F/A is competitive. General discussion from commission members were that perhaps going out for bids this year would validate F/A cost proposal and perhaps it would be better to go out for formal bids next year. Lentz stated that he will bring an update back to the December commission meeting.

Action Item: Lentz to bring an update back to the December commission meeting.

11. Open Discussion & Announcements

None

13. Adjournment

Meeting was adjourned at 8:30 p.m.