

Church of the Epiphany
Finance Commission
November 10, 2009

Meeting Minutes

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

Commission Members Absent: None.

Others Present: Father Dennis Zehren, Pastor; Tim Sullivan, Trustee; Dr. Robert Breitbach, Trustee; Bob Mueffelman, Council-at-Large; Jenny Heiling, Accountant; Greg Mueller, Parishioner; Randy Haney, Parishioner; Debra Brei, Froehling Anderson; and Brandon Rosenthal, Froehling Anderson.

Meeting Minutes:

1. Call to Order

Chair Savage called the meeting to order at 7:19 p.m.

2. Opening Prayer

Father Zehren led an opening prayer.

3. Approval Of Minutes

The minutes of the October 13, 2009 Finance Commission meeting were reviewed by the commission. **Motion by Mikolich, seconded by Jacobs to approve the minutes – motion passed.**

4. New Business

a. June 30, 2009 and 2008 Audit Report (Froehling Anderson)

Debra Brei and Brandon Rosenthal from Froehling Anderson were present at the meeting to present the draft findings of the 2009 Parish Financial Audit. Brei began the discussion by handing out an overview document (Attachment "A").

Next Brei presented the "SAS 115 Letter" (Attachment "B") which is a letter that identifies material weaknesses and control or significant deficiencies. It was noted that the parish has noted material weaknesses in "segregation of duties" and "preparation of financial statements and related disclosures". It was noted that these issues are not new issues and are very common for institutions such as Epiphany. Administrator Lentz asked what could be done to remedy these material weaknesses and the answer was more staff and/or outsourcing of financial duties.

Brei then presented the “SAS 114 Letter” (Attachment “C”) which is another required letter stating required general and special findings of the audit. No significant issues were noted.

Finally, the “Financial Statements and Independent Auditor’s Report” (Attachment “D”) was presented. Specific comments are listed below:

i. Page 4 – Assets

It was noted that we are still not doing a fixed asset inventory on all capital items. This is not a big concern to the parish because as a non-profit organization, there is no tax benefit. Land values increased due to the completion of the cemetery. Furnishings reflected an increased valuation due to a new roof.

ii. Page 5 – Liabilities and Net Assets

There was a request of the commission for the auditors to change the position of long-term assessment versus current payable to better reflect the pay down of the arch-diocese assessment.

iii. Page 6 – Statements of Activities

It was noted that revenues were down, SCRIP is being phased out, a \$100,000 gift was noted as a temporarily restricted asset, special fundraising expense was up due to state fair diner improvements, the administration expense includes one employee buyout, and gift center finances were discussed.

iv. Page 7 – Statements of Cash Flows

It was noted that cash flows from operating activities were down primarily due to decrease in revenues, the proceeds for notes receivable in 2008 was final payment by Assisted Living, and the current line of credit for the parish is \$1,000,000.

v. Page 10 – Notes to Financial Statements (Note 1)

It was noted that the parish has some risk in its banking accounts because the account balances at times exceeds the FDIC insurance maximum of \$250,000 per institution.

vi. Page 13 – Notes to Financial Statements (Note 2)

It was noted that the information provided for long-term investments are for endowment accounts only and not operating funds.

vii. Page 14 – Notes to Financial Statements (Note 5)

The commission asked that a schedule of the assessment debt reduction be provided in future reports.

viii. Page 16 – Notes to Financial Statements (Note 9)

It was noted that the parish has adopted a new financial policy for the administration of the endowment funds and the accounting methods to be used

by this policy. It was noted that profits from endowment investments will be credited to unrestricted net assets but losses come against parish operating funds. However, any future profits first go back to pay off losses before they are credited into the endowment assets.

Due to the shortage of time and lack of more discussion, Chair Savage would not be presenting the Audit Report at that evening's Council Meeting and would still solicit questions from members and responses from F/A via e-mail.

5. Old Business – **Note: The following items were included on the agenda for this meeting, but due to a lack of time no discussion and/or action were taken on any of the agenda items (other than adjournment).**
 - a. Strategic Goals & Objectives (Mikolich)
 - b. Ministry Fair Responsibilities
 - c. Bulletin & Envelope Cost Savings
 - d. Senior Housing Initiative (Management) invite for December meeting (Lentz)
 - e. Epiphany Facilities Master Plan Review (Lentz) in December
6. Sub-Committee Reports
 - a. Budget (Hawkins/Jacobs/Fischer)
 - b. Audit (Savage/Mikolich/Kearney)
 - c. Cemetery (Kennedy)
 - d. Planned Giving (Lentz)
 - e. State Fair & Springfest (Audit)
 - f. Reiser Foundation (Savage)
 1. Meeting on November 24th
 - g. Epiphany Pines & Assisted Living (Kennedy)
 - h. Gift Shop (Audit)
7. Vice Chair Report
8. Chair Report
9. Business Administrator Report
 - a. Weekly Deposits Handout
 - b. Other
10. Pastor Report
11. Other Discussion
 - a. School Marketing Committee
12. Adjournment

Motion by Mikolich, seconded by Kearney - Meeting was adjourned at 8:34 p.m.