**Finance Committee Meeting Minutes**

Tuesday, August 18, 2020: Virtual Meeting due to COVID-19 mandatory social distancing

**Meeting Began at 6:34pm by Erik Skaarer.**

**Devotion** by Jason Valendy.

**In attendance**: Jason Valendy, David Gerig, Laura Kruger, Emie Stewart, Melanie Grice, Erik Skaarer, Michael Hunt, Dan Reid, Vince Regan, Bravis Brown, Sandy McAfee, Amanda Stansberger

Guests: Rey Gonzalez, Carl Johnson, PSK auditors (Bryan and Zubair)

**Distributed materials** through email: August agenda, July meeting minutes, budgeted financial statements, *Congregational Budget – Draft*, Financial and Accounting Policy and Procedure, and Audit Materials (3 pieces)

**Old Business:**

Review and approve minutes from previous meeting – July 21, 2020: Amanda S motioned; Vince R 2nd; passed

**New Business:**

1. Update from Auditors: PSK auditors Bryan and Zubair introduced PSK accounting firm (firm’s primary emphasis is church audits). Auditors reported that the audit conducted on KUMC’s financial statements ending December 31, 2019 is an unqualified (clean) opinion. Detailed audit materials were distributed via email.

Auditors reported that there were no weaknesses or deficiencies in internal controls, but they did have 4 best practice recommendations:

* 1. Add additional steps to bank reconciliation process
  2. Convert all employees to direct deposit (no paper checks)
  3. Create a capital expense policy
  4. Establish a target cash position of 3-4 months of expenses

Among the positive items reported by the auditors were a small number of restricted funds, establishing fixed assets on the books, allocating payroll expenses to departments, and including revenue as applicable within each department.

Vince asked if the budget should be equally weighted by month. Bryan said this was outside the scope of an audit, but that there was no right or wrong answer to this questions. As long as the primary users understand the system, that is the most important thing.

After audit report, auditors (Bryan and Zubair), Carl and Michael H left the call.

1. Review and approve July financials: Sandy M motioned to approve; Bravis B 2nd; passed.
2. Cash report (Melanie Grice): Erik explained current cash situation; current balance is good.
3. PPP loan/grant update (Melanie Grice): Melanie submitted KUMC’s application for PPP forgiveness today, Aug 18th.
4. Determine amount and approve:
   1. General fund - apportionment payment: Sandy motioned $6,000; Amanda S 2nd; passed
   2. Debt reduction fund – payment: Laura K motioned to pay $11,868.50; Bravis B 2nd; passed
5. Long term cash strategy (Amanda Stansberger, Erik Skaarer and Jason Valendy)

Subcommittee presented draft plan to obtain initial thoughts from the finance committee and request subcommittee be expanded to evaluate additional details. Plan includes methods to create cash reserve and parameters, as well as how to plan for principal payment from the general fund.

Requested expansion of subcommittee: Vince motioned; Bravis B 2nd; passed

Additional items to be reviewed include apportionment payments, further review of the amount of reserve needed and where it’ll be tracked.

Bravis asked for clarification on what level of cash is the target in the checking account before funding the reserve account. The sub-committee will consider and bring a recommendation back to the committee.

Vince advocated for a target of at least a 3-month reserve, and the discipline to keep the funds separate.

Bravis also asked the sub-committee to consider how much of any overage should go to apportionments.

1. Internal controls update
   1. Accounting Policy and Procedures Review

Jason asked finance committee to review this policy, reach out questions/comments to Finance Chairs and committee will consider changes in October, along with potential conference changes.

1. Other new business, if any, from committee:

Jason reported Michael DeLaune resigned from Stewardship Chair position. Lay Leadership team will fill the role in 2021.

Erik reported Building Blocks is planning to start this Fall, without the kindergarten program. Erik, Amanda, building blocks director Nancy and Kristin Springer plan to meet monthly to monitor/review the Building Block finances.

**Next Finance Committee Meeting Tuesday, Sept. 15, 2020 at 6:30 PM**.

(Procedure to be announced pending pandemic status.)

**Closing Prayer by Bravis Brown.**

**Erik Skaarer ended the meeting at 7:54pm.**

Minutes respectfully submitted by Amanda Stansberger and Melanie Grice.