

Prince of Peace Lutheran Church  
Church Council Meeting Agenda  
August 9, 2016 7 p.m.  
Choir Room

<u>Agenda Item</u>	<u>Presenter</u>	<u>Discussion/Action</u>	<u>Time</u>
Call to Order	T. Traaen	Discussion/Action	10m
Introductions	R. Sherrill		
Guests			
Quorum			
Opening Prayer			
Meeting Minutes	T. Traaen	Discussion/Action	2m
Approval			
June 14, 2016 Meeting			
Youth Report	A. Cox	Discussion	15m
Navajo Rock Point	Guests		
Mission Trip	Jacob Lara Blayke Hammer		
Treasurer's Report	G. Welch- Roland	Discussion/Action	10m
Pastor Rick's Report	R. Sherrill	Discussion/Action	10m
Old Business	T. Traaen Council	Discussion/Action	5m
New Business	T. Traaen Council	Discussion/Action	10m
<b><u>EXECUTIVE SESSION</u></b> (CLOSED)	T. Traaen Council	Discussion/Action	30m
a. Campus Painting Project			
b. Staff Compensation			
Call for Agenda Items	T. Traaen	Discussion	2m
Closing Prayer	R. Sherrill		

**Note:** *Times listed are estimates and may be adjusted. 'Executive session' allows for the professional discussion of staff compensation matters, as well as matters related to fiscal and strategic planning.*

Prince of Peace Council Meeting Minutes (approved)  
May 17, 2016 7:00 p.m.

Present: Pastor Rick Sherrill, Audrey Cox, Craig Myrmel, Teri Traaen, Gail Andrews, Brad Beebe, Les Holland, Carrie Goodman, Steve Edgar, Anita Thorne and Joy Johnson.  
Absent: Greg Welch-Rowland.

Craig called the meeting to order at 7:03 p.m.

Pastor Rick read a Daily Devotion that had meaning to him. He asked for prayer requests and said the opening prayer.

Craig asked for a motion to approve the April 12, 2016 Meeting Minutes. Teri made a motion and Gail seconded the motion. The meeting minutes were approved.

Personnel report: Gail spoke about the reviews for Pastor Paul and Maria. Pastor Rick and Gail will work on the review for Pastor Paul. Pastor Rick had the review with Maria and it went very well.

Treasurer's report: Please see attached: Pastor Rick went over the figures. We are close for the month. Preschool and AMA are looking great.

Pastor Rick's report: Please see attached:

1. Pastor spoke about Allen Quie's surgery and recovery time for musical coverage.
2. Andy is leaving June 5th. She is now a Doctor and will be moving back to her family and a new job there. Jonathan the guitarist had great ideas for new music in our church. On June 5th we will retire the concept of a contemporary band. This could take us in a more cohesive direction for music.
3. Pastor Rick will be going on both Summer Youth Trips in June.
4. Pastor Rick included a new Mission and Vision Document. He would like everyone to read.

Audrey's report: Please see attached:

1. The street fair was a great success.
2. The Peer Ministry Retreat was amazing. The eight youth that participated were trained how to speak with people of all ages and are able to interact with youth and adults on a personal level.
3. The first Youth trip to the Navajo Nation is in 10 days. The Youth Group are bringing food and supplies for apartments.
4. Audrey is on a planning team to bring 200 youth to our community from Iowa next summer.

Craig brought up the topic of Cell towers: POP has been approached to place a Cell Tower on our property. The Church would be paid \$1500.00 per month to have it on our property. The company would like to have it planned and erected by the end of the year. We will have a say in the appearance and placement of the tower. The company will maintain it and increase the amount paid every five years. Craig asked for a motion to approve this project. Teri made a motion to affirm and approve the project, and Gail seconded the motion. Greg Welch-Rowland sent his YES vote by email. The vote was unanimously approved.

Pastor Rick informed everyone that there will be a Synod Assembly on June 16th and 17th in Las Vegas. Les volunteered to go with Pastor Rick.

Anita asked everyone about their opinion of the flower arrangements in the church. We changed providers. We are being charge \$38.00 for one floral arrangement down \$2.00. Everyone agreed they look nice.

Audrey will work on having youth come and present to the Council what they are learning and doing with the youth group.

Pastor Rick said the closing prayer. Craig adjourned the meeting at 8:00 p.m.

The Council said a warm "Thank you" to Craig for all his hard work as the Council President this past year.

Respectfully Submitted,  
Joy Johnson, Council Secretary

## **Prince of Peace Church Council Meeting (unapproved)**

June 14, 2016 7:00 p.m.

Present: Pastor Rick Sherrill, Teri Traaen, Gail Andrews, Greg Welch-Rowland, Audrey Cox, Les Holland, Brad Beebe, Anita Thorne, Carrie Goodman, Steve Edgar, Joy Johnson.

Teri called the meeting to order at 7:03 p.m.

Pastor Rick asked for prayer requests and said the opening prayer.

Teri asked for a motion to approve the May 17, 2016 Meeting Minutes. Anita made a motion and Carrie seconded the motion. The Minutes were unanimously approved.

Treasurer's Report: please see attached: Greg said we are on track.

Pastor Rick's Report: The last 20 days have been very busy with Ministry. The trip to the Navajo Nation was great. It was very remote and quiet, 2 hours to Walmart and 90 minutes to a Hospital. The kids learned to exist without phones and other technology. They learned new games and really bonded. It was a wonderful learning experience for the entire group.

Vacation Bible School went really well. It was a solid religious experience for the kids.

Family/Youth Report: Audrey was very glad they went to the Navajo Nation. It was a completely different experience. A peaceful, Christ filled environment. The Youth group as a whole became a lot closer. Two youth will be coming to our Council Meeting in August to talk about their experience. The group lead worship, and Pastor Rick gave the sermon. It was a wonderful experience. Pastor Rick envisions a next step being an Adult/Family trip. There are lots of projects that need to be completed there. A P.O.P. and Navajo Nation partnership with 25 people.

Personnel Report: Please see attached: Gail spoke about the Federal Department of Regulations for Wage and Overtime pay. We need to be in compliance and have full job descriptions drawn up. Discussion ensued.

There was a positive reaction to having the Congregational Meeting during the Church Service on June 5, 2016. The only drawback this time, was a lot of things going on during that service, and it made the service a little longer than usual. It was nice to have all the Council Members at that service. In the future we may possibly do one Meeting during the service and another Traditional Meeting.

Old Business: Teri distributed a book called Robert's Rules of Order Simplified and Applied. She would like all the Members of Council to read it. Lou kindly purchased the books.

Cell Tower: please see attached: Teri spoke about the process and told us about Don Stevens; Attorney. He is an expert on Cell Tower issues and has offered his professional services to help us navigate the legal process. Discussion ensued.

New Business: Anita talked about her thoughts on our Mission Statement. Please see attached: Discussion ensued. Anita will chair a sub-committee.

Executive Session: Called to order at 8:25 p.m. Please see attached: Teri discussed in detail the new Federal Regulation for wages and overtime. She has an employee working on a breakdown for the Church and Preschool. We are a fair employer.

Pastor Rick said the closing prayer and the meeting was adjourned at 8:31 p.m.

Respectfully Submitted,  
Joy Johnson, Secretary

Treasurer's Report  
 Prince of Peace Lutheran Church  
 Period ending June 30, 2016

	Monthly			Year To Date		
	Jun-15	June 16 Budget	June 16-Actual	2015 YTD Actual	2016 YTD Budget	2016 Actual
<b>Receipts</b>						
Envelope Pledged	21,824	33,542	30,120	150,999	167,349	157,896
Envelope Unpledged	3,505	3,000	3,504	26,096	26,500	24,765
Offerings - Loose	371	600	298	5,348	5,150	10,265
Other Source of Income	0	693	693	0	4,157	4,157
Special Offerings	88	375	74	5,738	5,200	3,867
Preschool Facility Cont.	13,273	14,087	14,087	79,640	84,525	84,525
Other Income	4,028	2,900	3,248	25,944	27,200	24,953
Youth and Family Ministry	0	0	0	0	0	0
Children's Ministry	3,845	3,500	2,600	7,165	6,500	5,270
Dedictaed Benevolence	0	0	0	1,000	725	897
Parish Education	0	0	0	265	0	0
<b>Total Receipts</b>	<b>46,934</b>	<b>58,697</b>	<b>54,623</b>	<b>302,195</b>	<b>327,306</b>	<b>316,594</b>
<b>Expenses</b>						
C. Council	21	200	1,080	396	600	1,180
Benevolence	2,395	2,050	2,050	12,612	13,500	13,500
Dedicated Benevolence	0	0	0	1,000	725	897
Outreach	0	264	264	1,036	1,584	1,506
Parish Education	42	35	0	216	210	39
Youth and Family Ministry	0	250	0	(201)	1,500	109
Children's Ministry	2,116	1,475	4,753	5,568	4,650	6,167
Worship	164	680	690	5,461	6,735	5,639
Digital & Media Minstry	86	220	106	974	1,500	1,853
Operations	11,531	12,265	13,130	58,589	63,580	60,449
Admin.	2,983	3,302	4,494	20,674	21,637	21,187
Long Term Debt	3,452	3,452	3,452	20,712	20,712	20,712
Pastor	9,521	9,912	10,123	58,506	59,472	59,316
Asst. Pastor	1,000	3,000	3,000	6,000	18,000	18,000
Youth & Family Director	5,440	3,833	3,833	32,764	23,000	23,000
Staff Education	0	0	0	469	780	150
Other Pastoral	0	0	0	200	0	0
Staff Compensation	10,861	12,494	11,677	73,401	76,794	73,948
<b>Total Expenses</b>	<b>49,612</b>	<b>53,432</b>	<b>58,652</b>	<b>298,375</b>	<b>314,979</b>	<b>307,650</b>
<b>Net Receipts of Expenses</b>	<b>(2,678)</b>	<b>5,265</b>	<b>(4,029)</b>	<b>3,819</b>	<b>12,327</b>	<b>8,944</b>
<b>Preschool</b>						
Tuitions and Fees	92,827	91,164	93,921	679,848	672,985	689,754
<b>Expenses</b>						
Salaries	76,423	72,809	72,670	497,442	505,444	492,960
Administrative	(38)	2,000	0	2,099	4,700	2,038
Cost Share	7,109	7,923	7,923	42,772	47,538	47,538
Discounts/Scholarship	1,214	1,658	350	16,034	18,250	15,142
Oper, Main & Other	8,089	6,075	9,198	40,180	42,995	49,952
Classroom Expense	404	1,500	843	4,786	8,850	4,750
Facilities Contr.	6,164	6,164	6,164	36,986	36,987	36,987
<b>Total Expenses</b>	<b>99,366</b>	<b>98,130</b>	<b>97,148</b>	<b>640,299</b>	<b>664,764</b>	<b>649,367</b>
<b>Net Receipts of Expenses</b>	<b>(6,539)</b>	<b>(6,966)</b>	<b>(3,227)</b>	<b>39,549</b>	<b>8,220</b>	<b>40,387</b>
<b>Arcadia Music Academy</b>						
Tuitions and Fees	2,400	3,800	1,612	29,763	31,900	33,625
<b>Expenses</b>						
Instructors	2,612	2,691	4,478	22,948	23,037	26,999
Director	592	592	592	3,525	3,552	3,552
Operating Expenses	0	20	0	502	923	135
Cost Share	550	550	550	3,300	3,300	3,300
<b>Total Expenses</b>	<b>3,754</b>	<b>3,853</b>	<b>5,620</b>	<b>30,276</b>	<b>30,812</b>	<b>33,986</b>
<b>Net Receipts of Expenses</b>	<b>(1,354)</b>	<b>(53)</b>	<b>(4,009)</b>	<b>(513)</b>	<b>1,088</b>	<b>(361)</b>
<b>Combined Receipts</b>	<b>142,161</b>	<b>153,661</b>	<b>150,156</b>	<b>1,011,806</b>	<b>1,032,191</b>	<b>1,039,973</b>
<b>Combined Expenses</b>	<b>152,732</b>	<b>155,416</b>	<b>161,421</b>	<b>968,950</b>	<b>1,010,555</b>	<b>991,003</b>
<b>Surplus / Deficit</b>	<b>(10,571)</b>	<b>(1,755)</b>	<b>(11,265)</b>	<b>42,856</b>	<b>21,636</b>	<b>48,970</b>

## Monthly Attendance and Revenue Report

As of June 30, 2016

Date	Service	Attendance '16	Prior Year '15	Offering '16	Prior Year '15
<b>6/5/2016</b>	1st Service	141	186	4,758	4,639
	2nd Service	0	48	-	-
	Other Service				
	Credit Card/Office			5,428	5,618
	<b>Total</b>	<b>141</b>	<b>234</b>	<b>10,186</b>	<b>10,257</b>
<b>6/12/2016</b>	1st Service	122	158	3,730	3,426
	2nd Service	0	0	-	-
	Other Service			-	-
	Credit Card/Office			843	1,298
	<b>Total</b>	<b>122</b>	<b>158</b>	<b>4,573</b>	<b>4,724</b>
<b>6/19/2016</b>	1st Service	124	139	3,017	4,768
	2nd Service		0	-	-
	Other Service				
	Credit Card/Office			808	1,235
	<b>Total</b>	<b>124</b>	<b>139</b>	<b>3,825</b>	<b>6,003</b>
<b>6/26/2016</b>	1st Service	118	144	13,895	3,381
	2nd Service		0	-	-
	Other Service			-	-
	Credit Card/Office			1,146	964
	<b>Total</b>	<b>118</b>	<b>144</b>	<b>15,041</b>	<b>4,345</b>
<b>Total for month</b>		<b>505</b>	<b>675</b>	<b>33,624</b>	<b>25,329</b>

Additional Offerings June 2016	
<b>Dedicated Fund Offerings</b>	
Organ Fund	\$ -
Arcaida Cares Packathon	\$ -
Arcaida Cares Brunch	\$ -
Music Fund	\$ -
ELCA - Ellers	\$ -
Youth Ministries	\$ 25.00
Tanzania Mission Project	\$ 120.00
People Serving People	\$ -
<b>Subtotal</b>	<b>\$ 145.00</b>
<b>Special/Other Offerings</b>	
Holiday	
Flowers	\$ 120.00
Souper Bowl	\$ -
Angel Tree	\$ -
Other Designated Gifts	\$ -
<b>Subtotal</b>	<b>\$ 120.00</b>
<b>Total Additional Offerings</b>	<b>\$ 265.00</b>

	Year	
	2016	2015
	4 wk month	5 wk month
Sunday Plate Offering	33,624	25,329
Loose	298	371
Other Source	693	
<b>Subtotal Giving</b>	<b>34,614</b>	<b>25,700</b>
Total Offering	<u>34,614</u>	<u>25,700</u>
Total Budget	<u>37,835</u>	<u>39,873</u>
Differential	(3,221)	(14,173)

## Prince of Peace Bank Balances and Liabilities

### Bank Balances

Church	1/31/2016	2/29/2016	3/31/2016	4/30/2016	5/31/2016	6/30/2016
General Checking	\$ 39,576.88	\$ 41,299.88	\$ 46,602.14	\$ 43,077.27	\$ 62,639.83	\$ 42,201.09
Dedicated Funds Savings *	\$ 114,965.16	\$ 117,270.33	\$ 116,089.35	\$ 112,327.09	\$ 111,843.38	\$ 102,306.04
Columbarium Checking	\$ 5,881.69	\$ 7,604.33	\$ 7,604.33	\$ 7,604.33	\$ 7,604.33	\$ 7,604.33
MIC Savings	\$ 12,746.32	\$ 12,746.62	\$ 12,746.95	\$ 12,747.26	\$ 12,747.59	\$ 12,747.90
<b>Total Church</b>	<b>\$ 173,170.05</b>	<b>\$ 178,921.16</b>	<b>\$ 183,042.77</b>	<b>\$ 175,755.95</b>	<b>\$ 194,835.13</b>	<b>\$ 164,859.36</b>
<b>Preschool</b>						
General Checking	\$ 102,553.52	\$ 145,055.83	\$ 155,060.87	\$ 156,510.73	\$ 141,053.91	\$ 136,758.33
Savings	\$ 100,958.68	\$ 100,961.09	\$ 100,963.66	\$ 100,966.15	\$ 100,968.72	\$ 100,971.21
<b>Total Preschool</b>	<b>\$ 203,512.20</b>	<b>\$ 246,016.92</b>	<b>\$ 256,024.53</b>	<b>\$ 257,476.88</b>	<b>\$ 242,022.63</b>	<b>\$ 237,729.54</b>
<b>Total at Wells Fargo</b>	<b>\$ 376,682.25</b>	<b>\$ 424,938.08</b>	<b>\$ 439,067.30</b>	<b>\$ 433,232.83</b>	<b>\$ 436,857.76</b>	<b>\$ 402,588.90</b>

Liabilities	Original Amount Owed	Amount Due 6/30/2016
Thrivent for Lutherans Mortgage	\$ 600,000.00	\$343,641.01

\* Note: See the Dedicated Tab for Dedicated Fund Savings Details.

## **Youth and Family Ministry**

*Council Report – August 2016*

### **Ministry Moment**

Camp has always been something incredibly special to me. It is truly one of the core places I felt a call to ministry. Campfirmation is something I am so glad our young people were able to participate in. Here are some of the ministry moments from our week at camp!

- The way our young people formed faith friendships with other Lutheran youth from around Arizona.
- How ministry leaders from all walks of life came together to put this week of faith formation and exploration together.
- The deep moments when our young people felt comfortable to open up about some of life's personal challenges and embrace others during these deep moments that sometimes involved tears and pain.
- The joy and laughter on the faces of PoP youth while singing camp songs, playing games, mealtimes and as they formed new faith-filled friendships.

### **2016-2017 Ministry**

Please see the attached Youth and Family Ministry Calendar and letter about this year's Youth and Family Ministry!

# 2016-17 Youth and Family Ministry

## ALL Youth and Families

### Youth Worship Leader Training & Breakfast

August 14 8:15am

### Family Brunch and Service Event:

September 11 & April 9

### Ugandan Children's Choir & Lunch

September 25

### Family Trip to Navajo

Sept 30-Oct 2

### Street Fair

April 1

### Packathon

March 18

### Serving the Homeless(4-6pm)

August 28, September 25, October 23, November 20, January 22, February 26, March 26, April 23



**Chill**  
9-9:30am  
EVERY SUNDAY  
(Youth Room)



**Peer Ministry**  
8-9:00am at Starbucks  
August 21  
October 2  
January 8  
March 12  
May 7

## 5-6th Grade Youth Group

10:45am-12:15pm

August 21—Kickoff Party and Parent Meeting

October 2

November 6

December 4

December 11—Christmas Party

January 28-29—Winter Retreat

February 12

March 12

April 23

## 8-12th Grade Youth Group

2:30-3:30pm

August 14—Kickoff Party and Parent Meeting

August 28

September 25

October 23

November 20

December 11—Christmas Party

January 27-29—Winter Retreat

February 26

March 26

April 23



**PRINCE OF PEACE**  
LUTHERAN CHURCH AND PRESCHOOL

## Confirmation (7th-8th)

10:45am-12:15pm

August 14—Kickoff Party and Parent Meeting

August 28

September 18

October 2 & 23

October 29—Confirmation Practice and Brunch

October 30—Confirmation Sunday

November 6

December 4 & 11

December 11—Christmas Party

January 8

January 27-29—Winter Retreat

February 12 & 26

March 12 & 26

April 23 & 30

May 7

## Parents

### Mom's Night Out - 7-8:30pm (Postino)

Tuesday August 23

Monday October 24

Tuesday January 24

Monday March 20

Tuesday May 9

### Dad's Night Out - 7-8:30 (O.H.S.O.)

Monday August 15

Tuesday October 18

Monday January 30

Tuesday March 28

Monday May 15

### Mom's Coffee Break

Tuesdays 9:30-10:30am (Starbucks)

*Starting in September*

For more information, contact Audrey at [acox@popphoenix.org](mailto:acox@popphoenix.org) or 480-945-9537



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**PRINCE OF PEACE LUTHERAN CHURCH  
INTERNAL AUDIT SCOPE AND FINDINGS  
SUMMARY**

We have completed a fairly comprehensive Church Internal Audit focusing on our key financial and operating activities for the period of June 2013 through June 2014. Included in this audit program was a review of the critical financial and business processes utilized by our Church with particular emphasis on the internal control procedures associated with the handling of receipts and payments. In addition, various administrative and accounting activities were audited in some detail with the intent on identifying improvements to those processes where appropriate. The attached Table of Contents gives you an outline of the areas audited and the various audit points that were identified. We conducted our audit using generally accepted standards that required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes interviews with key personnel in the church and preschool.

It is our opinion that, altogether, this Church has very good business practices and procedures in place with exceptionally good people carrying them out. It is our intension, in offering up the various audit recommendations attached, to be constructive in our suggestions while trying to identify those improvements that will make our Church better and even more capable of achieving it's mission. As such, we hope this report can be a positive tool in helping our Church grow and prosper.

Craig Myrmel  
Lead Auditor  
August 15, 2014

Audit Committee Members:

Craig Myrmel  
Don Johnson

## Church Internal Audit Table of Contents

### Section A: cash receipts and balances

1. Internal controls and processes
2. Bank reconciliation and check control
3. Interest checking and idle cash opportunities
4. Preschool accounts

### Section B: cash payments

1. Approval and invoice process
2. 1099s and vendor file

### Section C: employees and payroll for church, music academy, and preschool

1. Employee files and contracts
2. Key person back up training

### Section D: property, insurance, and miscellaneous

1. Property insurance and workers compensation
2. Asset directory

3. Records retention

4. Membership

### Section E: accounting practices and procedures

1. Policies and procedures manual

2. Fund accounting and begin balances

3. Tax reporting to the IRS

## Section A: cash receipts and balances

### Audit point 1: internal controls and processes

#### Findings:

An examination was undertaken of the cash collection procedures utilized by the Church. The processes documented include the offering collection process, the music academy process, and the preschool process. Altogether, we have good procedures in place and good people carrying them out. The processes were made with good internal controls in mind. In addition, several random offering samples were analyzed tracing amounts recorded on the count sheets to the bank deposits. Deposits were made in a timely manner.

#### Recommendations:

The offering should never leave the Church before it is counted and ready for deposit. With reference to the preschool and music academy, it should be encouraged that all payments be made by check or money order, avoiding receipts of cash where possible.

### Audit point 2: bank reconciliation and check control

#### Findings:

Selected months bank reconciliations were analyzed to evaluate the timely and accurate reconciliation of bank statements to book balances. It was noted that the accounting procedures in place are being followed and statements are easily reconciled. The Church accountant has implemented a format to make the check control process easy to deal with and easy to understand.

#### Recommendations:

No additional recommendations at this time.

### Audit point 3: interest checking and idle cash opportunities

## Findings:

Over this twelve month period the balance in our Church checking account is quite large. This includes all funds from all of the categories used for the different areas of ministry. The amount will vary based on seasonal receipts and spending patterns.

## Recommendations:

Discuss with the bank the possibility of setting this account up as some sort of an interest bearing account. Even if we received only a percentage or two on the balances, the Church would be ahead financially. The identification of the existence of idle general cash available for investment at higher interest rates could be useful in maximizing income opportunities.

## Audit point 4: preschool accounts

### Findings:

The preschool has a very successful program and currently seems to be very well run. There are a few accounts that are being carried that are over 120 days old at this time while most accounts are current.

### Recommendations:

If the current accounts receivable that are over 120 days old have little chance of being collected, maybe they should be considered for writing off so the balances are not carried forward.

## Section B: cash payments

### Audit point 1: approval and invoice process

#### Findings:

A review of vendor files was undertaken to insure that payments and related recorded expenditures were legitimate and accurate and that they were properly authorized. Invoices and transactions where services were performed or materials purchased, sign off approval, indicating the work was done or materials received, was noted.

## Recommendations:

Ideally, all expense transactions should have an approval signature on the invoice or receipt indicating the expenditures have been reviewed and approved by an appropriate person. A continuing review of all routine expenses should be undertaken to identify cost reduction opportunities consistent with quality business practices.

## Audit point 2: 1099s and vendor file

### Findings:

Currently there is no formal vendor file set up in the current system. There have been a very limited number of 1099 forms filed annually with the IRS. The IRS requires the Church to file the 1099 form annually if it pays an unincorporated individual, business entity or non employee \$600. Or more in any calendar year for services rendered to the Church. It appears that this is being adhered to in the correct manner.

### Recommendations:

It may be a good idea to create a comprehensive vendor file in the accounting system to insure all pertinent information is readily available for each vendor used on a regular basis.

## Section C: employees and payroll for church, music academy, and preschool

### Audit point 1: employee files and contracts

#### Findings:

The preschool has separate employee files which include information required by the State. It is our understanding those files are kept in accordance with State requirements. The preschool has its' own personnel manual and it is kept up to date by the head of the preschool.

#### Recommendations:

In addition to employee files kept on record for the Church, music academy, preschool, Federal, State, and IRS guidelines concerning workplace regulations should be met. Included should be, at a minimum, the following information: 1. Employment application. 2. Criminal background screening forms and results. 3. Completed IRS

forms W-4. 4. Signed memo or contract listing starting pay, starting date, and benefits. 5. Job descriptions and annual evaluation. 6. Written and/or oral commendations and/or warnings. These files should be kept under lock and key.

All employees should have a signed copy of the employee conduct policy included in their file with evidence of yearly review. The Church should also have procedures to insure completion of sexual harassment and child protection protocols.

#### Audit point 2: key person back up training

##### Findings:

There are critical jobs and tasks done by current Church employees that would become a problem if those employees were incapacitated or absent for any length of time.

##### Recommendations:

All critical bookkeeping (and other Church function) activities must be identified and have detailed task analysis documented with a back up program defined for each critical job.

#### Section D: property, insurance, and miscellaneous

##### Audit point 1: property insurance and workers comp

##### Findings:

As part of the review process, we reviewed the property and workers comp insurance. In talking with a representative at Church Mutual, our policies are up to date and were reviewed in January, 2014. A discussion of possible ways of obtaining any savings for the Church were unproductive. In 2007 the Church obtained refinancing with Thrivent Financial. It was possible to obtain a copy of the Deed of Trust pertaining to that event and is included as an exhibit to this report. No current space use agreements for organizations using the Church facilities were found.

##### Recommendations:

We currently carry a policy with \$1000. deductible. It may be worth pursuing a possible savings by increasing the deductible. Any outside organization using Church facilities should have a use agreement and comparable insurance to cover that use.

## Audit point 2: asset directory

### Findings:

There is no current property listing and/or asset directory in existence for our Church.

### Recommendations:

All property belonging to the Church should be catalogued and once in existence should be reviewed annually. An asset directory would not only assist in the annual insurance valuation process, but, in the case of office equipment and other portable Church furnishings, when verified, would insure that they have not been stolen or removed improperly.

## Audit point 3: records retention

### Findings:

Currently there are church files in several locations. Current files are in cabinets and boxes in several offices while older files are kept in the Church basement. There is currently no formal records retention policy in place.

### Recommendations:

A records retention policy and procedure, including a schedule for all documents should be developed. According to the IRS, all churches are required to maintain records to justify their claim of exemption in case of audit. Once a clear policy is in place, a lot of existing files and boxes can be destroyed. Back up files should be made for all computer related files on a weekly basis.

## Audit point 4: membership

### Findings:

While the official membership list shows one number, the average attendance shows a much smaller number. The number of new members over this time period does not keep up with the number of members officially leaving the Church.

### Recommendations:

We recommend coming up with a plan to encourage members to become active in the Church and a plan for growth of the membership.



## Section E: accounting practices and procedures

### Audit point 1: policies and procedures manual

#### Findings:

Currently there is no comprehensive policy and procedures manual in place. Our recently hired accountant is currently making an effort to develop a manual.

#### Recommendations:

As time permits, a comprehensive accounting/financial policy and procedures manual should be developed incorporating all phases of the church fiduciary reporting and accounting responsibility. Written guidelines should be developed of all internal control aspects for the handling and reconciliation and reporting of cash, as well as other Church assets. While the new accountant is diligently working toward this goal, over time a comprehensive manual may become a reality.

### Audit point 2: fund accounting and begin balances

#### Findings:

As part of this audit, particular analysis and reconciliation was performed on the change in balances year to year, insuring that book balances were accurate. Due to the diligence of the accountant, these balances are easily checked and there is a clear trail for analyzing the Church ledgers. Different funds within the checking account were easy to track and reconcile with no apparent discrepancies. Funds raised for specific uses as well as disbursements of those funds are well documented.

#### Recommendations:

No additional recommendations at this time.

### Audit point 3: tax reporting to the IRS

#### Findings:

As with any organization that has employees, there are mandatory accounting and reporting requirements to the IRS. A system is currently in place to meet those requirements monthly, quarterly, and annually. A review was made of the accuracy and

timeliness of such reporting for this time period, and it was found that our system is functioning appropriately.

**Recommendations:**

Continue the timely and accurate reporting of employee taxes to the IRS.