

FINANCE & AUDIT COMMITTEE

Meeting Minutes

March 25, 2019

Trustees Present: Alan Crain, Bill Baird, Aaron Schielke, Helen Stoll

Staff Present: Robin Schuman, Lynette Ladenburg, Chris Vernon-Cole, Tammi Palodichuk, Heather Dartt, Diane Wasson

Absent: Marlene Le Mire

Call to Order – Alan Crain, *Chairperson / Finance & Audit Committee*
Meeting called to order at 7:08 pm

Approval of Meeting Minutes – Alan Crain

MOTION - Approve the February 25, 2019 Finance and Audit Committee Meeting Minutes. The motion carried.

Financial Report – Robin Schuman, *Chief Financial Officer*

Consolidated

- Recurring goals of 90-days: cash decreased in February to 84 from 85 in January.
- Net Income for January was (\$50,877.35) compared to budgeted (\$78,878.86).
- Utilities are over budget \$4,787 due to a meter reading issue for January, however average for past 2 months is correct.
- Management fee calculation was corrected to include only operating revenue for each Corporation.

Health Services

- Days cash on hand for February decreased to 27 days from 37 days in January due to Payroll funding on 2/28/19 and liability posted on 3/1/19 and intercompany reconciliation.
- Census in January was 168.68 compared to budgeted 167.
- Revenue was under budget (\$76,376.44) due to payer mix with fewer Medicare days resulting in a budget impact of (\$134,506.76)
- Purchased Services is under budget due to over budgeting for Consultants and Invoice timing.
- Net income for the month was (\$92,918.39) compared to budget of (\$102,459.14)

Children's Services

- Days cash on hand in February increased to 76 days from 60 days in January due to intercompany reconciliation.
- Net income for February was (\$16,760.73) compared to budgeted \$7,144.4.
- February revenue was under budget (\$5,364.27), though expenses were under budget (\$30,778.98) mostly in wages and benefits.

Home & Community Services

- Days cash on hand increased to 71 from 46 days in January due to intercompany reconciliation.
- Net income in February was (\$3940.18) compared to budget of (\$5,529.02.)
- Revenue is under budget while expenses are comparably under budget.

Ebenezer Services

- No vacancies.
- January net income was (\$10,848.61) compared to budget of (\$8,479.28).

January Financials - Questions & Discussion:

- Health Services increase in AR aging has delayed receipts from Hospice. \$56K has now been received and will be reflected in the March financials.
- Clarification on budget variance in Health Services: Historically the budget for Consultants (Medical Directors and Pharmacy) has been bundled with Nursing. In the 2019, those expenses were budgeted in a separate line item and duplicated in Nursing.
- Clarification of "Management Services" stated on Lutheran Services Statement of Revenue & Expenses: This entry recognizes the receipt of Management fee from Bay Vista Commons.

Other Business

Investment Policy

The current Investment Policy for Lutheran Services and the Corporation (Health Services, Children's Services, Ebenezer Services and Home & Community Services) are to be revised and aligned with identical text. The revisions are reflected (in red font) on the attached document.

MOTION – Accept revision of the Investment Policy for Lutheran Services and each Corporation (Health Services, Children's Services, Ebenezer Services and Home & Community Services) and recommend to the Board of Trustee for approval. The motion carried.

Annual Audit Report

The draft 2018 Audit results and report was reviewed with Dan Frein, CPA and Bryce Rassyler, CPA, of CliftonLarsonAllen, LLC. No significant deficiencies or material weaknesses were identified during the audit process. The management review included discussion of:

- Accounting practices for recording accrued interest and expense of the WA State Building Community Funds Forgivable Loan, and the effect on the Income Statement as a non-cash transaction.
- Balance sheet allowance for reasonable accounts receivable allowance and recommendation for quarterly review and adjustment.
- Accounting for capital versus operating donations.
- Accounting for donor restricted funds versus organization-designated donations.
- Recommendations for an IT Risk Assessment and included topics.
- Other miscellaneous suggestions for 'fine tuning' financial transaction approvals (ie. credit cards and payroll changes).
- CLA introduced new GAAP standards that affect:
 - Presentation of financials statements of Non-for-Profit Entities
 - Revenue recognition, and
 - Recording of leases of 12 months or greater on balance sheet.

MOTION – Recommendation to the Board of Trustee to approve acceptance of the 2018 Martha & Mary Lutheran Services, Children's Services and Health Services Financial Statement Audits as prepared by CliftonLarsonAllen. The motion carried.

Adjournment

Having no other business, meeting adjourned at 7:30 pm.