

Committee Name: Audit Committee

Committee Chair: Elyce Dilworth

Minutes recorded by: Elyce Dilworth

Vice Chair: Teddy Decker

Date/time of meeting: June 7, 2019/8:45 a.m.

Motions Passed:

1.

Number of committee members present: 8

Absent: 0

Number of other delegates present: 1

Committee members present: Elyce Dilworth (Chair), Teddy Decker (Vice Chair), Phil Dodson, Jeanne Ensign, Jill Gellatly, Laura Winslow, Ralph Davis (Treasurer, ex-officio), Susan Kuhlman (Chief Financial Officer, ex-officio), Dawson Hughes (CEO).

Others present: Dawson Hughes (CEO)

Minutes

The meeting was called to order at 8:45 a.m.

1. Review of Draft Materials –The Audit Committee (the “Committee”) reviewed and discussed the draft financial statements and Form 990 tax return. The Committee summarized their comments on the various documents for further discussion with representatives from Kerkering, Barberio & Co. (“K&B”) later in the meeting. The Committee agreed to review the presentation of functional expenses for the 2019 financial statements.
2. Report from Chief Financial Officer – The Committee discussed the presentation of depreciation expense in the annual budget. There was also a discussion of the new LMSC financial statement templates for 2018 and it was noted the templates worked well. The Committee discussed 1099 filing requirements for LMSCs and decided that additional items would be added to the financial statement templates to remind LMSCs of their reporting requirements with respect to 1099s. Lastly, the Committee discussed the requirement of dual signatures on all checks and determined additional review was needed. The topic will be discussed again at Convention.
3. Presentation by K&B – Rob Lane, Laura Brock, Samantha Phillips and Rebecca Stoner of K&B joined the meeting to discuss the 2018 audit results and tax return. Dawson Hughes also joined the meeting. Ms. Brock reviewed the required communications with the Committee and noted K&B would be issuing an unmodified opinion. She indicated no material weaknesses were detected in the internal control system, no illegal acts or irregularities were noted and there were no management recommendations. Ms. Brock also discussed the reclassification entries to the financial statements and stated there were no proposed audit adjustments or uncorrected misstatements. Ms. Phillips reviewed K&B’s presentation to the Committee and Board of Directors. The Committee discussed the upcoming accounting standards related to revenue recognition and lease accounting with K&B.

The Committee discussed their comments and questions with K&B regarding the financial statements. The Committee also reviewed and discussed the tax return with K&B.

Mr. Lane noted K&B was very pleased with the quality of the audit materials and financial statements and the assistance provided by Ms. Kuhlman and her staff during the audit. Ms. Kuhlman was excused from the meeting so that the Committee could meet in executive session with K&B. At the conclusion of the executive session, the Committee thanked K&B for their presentation and Mr. Lane, Ms. Brock, Ms. Phillips and Ms. Stoner left the meeting.

4. Report from Chief Executive Officer – Ms. Kuhlman and Mr. Hughes joined the meeting. Mr. Hughes discussed considerations related to a unified membership fee structure and provided an IT update.
5. Executive Session – Ms. Kuhlman was excused from the meeting. The Committee held its annual executive session with Mr. Hughes.

There being no further business, the meeting was adjourned at 4:30 p.m.
