

**Lighthouse Youth & Family Services
Audit Committee Meeting Minutes
August 22, 2018**

A meeting of the Lighthouse Youth & Family Services Audit Committee was convened on August 22, 2018, at the administrative offices of Lighthouse.

Those in attendance, Bob Zepf, Ken Feldmann and Allison Kahn.

Staff: Cathy Goold, Judy Oakman.

Clark, Schaefer, Hackett: Brian Todd and Rob Kitchen

The meeting opened with Brian Todd presenting on the upcoming audit and our long-standing relationship with CSH. Mr. Todd indicated that normally CSH is able to come out in June and do some pre-fieldwork planning but was not able to do that due to vacations schedules and staff turnover. He believes the job will get done in the expected timeframe with the audit report due back to the Audit Committee by the last week in October. Mr. Todd reviewed the areas of focus: our federal expenditures, pledge receivables, revenue receivable testing and the tax credit projects and consolidation. He touched on materiality levels and our consolidated picture. In addition, he reviewed the fees that have been paid to CSH in the past year:

- \$39,000 for the year end audit
- \$11,600 for the tax returns (990s)
- \$12,000 for the 401(k) audit
- \$10,600 for the Agreed Upon Procedures audit for Title IV-E
- \$36,200 for the various tax credit support/returns

While the increase in fees over the years has been substantial, Mr. Todd did not believe that the independence of CSH is impaired. Management still is responsible for all decisions regarding the financials. CSH has been engaged to support the CFO.

Mr. Todd asked the committee if there were any concerns or areas of focus that they would like addressed in this year's audit. Mr. Feldmann had a few: a) focusing on our tax credit entities and consolidation, b) pledge receivables, and c) asset impairment – Washington Avenue/YDC. Mr. Todd indicated that the first two items were on their list and the impairment of the asset would be handled in FY2019, when the building is sold. With no further questions or comments the auditors were dismissed.

The next item on the agenda was Risk Management.

Ms. Oakman noted that Lighthouse had sent out a Request for Qualifications (RFQ) from five property & Casualty brokers: USI, Dempsey & Siders, Arthur Gallagher, Oswald Companies, and RG McGraw, a 5/3 Bank subsidiary. Management will review the proposals and ask 2-3 companies to come in and do presentations. Ms. Oakman will make the time available to any committee members that would like to participate.

Conflict of Interest forms will be sent out to all board and committee members to be completed. The goal is to have them back by the September board meeting. These will be reviewed by the Audit Committee and presented in Summary form to the board in November.

Next Ms. Oakman reviewed the Risk Management Plan that was updated for the CARF Survey (August 1-3). Ms. Oakman and Ms. Goold will continue to revise and evaluate our Risk Management Plan with a high level review coming to the Audit Committee annually.

Ms. Goold provided a summary Legal Report of any significant exposures to Lighthouse: We have a couple of EEOC claims that are pending but nothing that would rise to significant concern. These happen occasionally and our broker is notified. We had a 401K funding error that was discovered in FY2017. We did a voluntary self-reporting error and this has been closed by the DOL/IRS, total error was approximately \$14,000. One final item: a client At Sheakley has retained an attorney due to a sexual assault that happened OFF property. We do not believe there is any immediate exposure to Lighthouse, we will keep the committee posted.

Ms. Oakman provided an update on the last item: Compliance Update. Ms. Oakman presented a report on grant funding and the various audits, site visits and other program compliance requirements. This report will continue to be refined. The goal will be for the report to be in an "exception" format to the Committee. The goal is not to overwhelm the committee with lots of detail but to make sure that the Committee is aware of significant items that could positively or negatively affect Lighthouse's reputation.

The committee set the next meeting on Monday October 29th @ noon.

There being no further audit committee business, the meeting was adjourned.

Respectfully submitted,

Judith A Oakman