

**Lighthouse Youth & Family Services  
Audit Committee Meeting Minutes  
October 29, 2018**

A meeting of the Lighthouse Youth & Family Services Audit Committee was convened on October 29, 2018, at the administrative offices of Lighthouse.

Those in attendance: Ken Feldmann, Tom Schiller, Allison Kahn, and Paul Haffner.

Staff: Cathy Goold, Judy Oakman.

Clark, Schaefer, Hackett: Brian Todd (in person) and Rob Kitchen (via telephone)

Ken Feldmann welcomed everyone and asked for a motion to approve the minutes from the previous meeting as distributed. Allison Kahn motioned and Tom Schiller seconded. The motion passed unanimously.

Mr. Feldmann then asked for Brian Todd to present the results of the financial audit and other work that was completed by Clark Schaefer this year. Mr. Todd explained that in the past he usually presented a PowerPoint with trend summary information however, due to the complex nature of the tax credits and the audit this year, he thought it would be best to walk through the audit report.

Mr. Todd first addressed the consolidating schedules that were added this year to help save in the audit costs of EYH Iowa, LLC and all of the tax credit entities. He described the original entities: Lighthouse, New Life and the Foundation; and then the three additional entities added for the tax credit deals: IDEAFOR, McMillan St Associates, and EYH Iowa, LLC. He noted the additional assets and liabilities that represent the tax credit deal and those that eliminate. He discussed with the committee several new footnotes regarding the new markets and historic tax credit entities. In addition, Mr. Todd noted that the LIHTC Sheakley for Youth LP is **not** consolidated due to the principles of consolidation but will have a separate audit report. Many members of the committee asked questions to confirm accounting treatment. In general, the Agency had a successful year with a surplus of \$572K. There were no audit adjustments. The Committee accepted the audit report.

Mr. Todd asked if there were any questions on the 990s and indicated that 990s are done for LYS, NLP, BFYF, and IDEAFOR; EYH IOWA submits a 1065 partnership return and McMillan submits an 1120 C-Corp return. Clark, Schaefer completes all of these tax returns. There were no further questions. The Committee accepted the 990 tax returns as presented.

The 401K audit was recently completed with the audit report still to be completed. There were no findings. The Committee accepted the report. The Title IV-E Agreed Upon Procedures audit will be completed in November. There being no further work by the auditors, Mr. Todd completed his report and left the meeting.

The next item on the agenda was Risk Management. Ms. Oakman noted 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 selected USI, Gallagher and Oswald to make presentations and the audit committee was invited to participate. The presentations were concluded on September 18<sup>th</sup>. With Ken Feldmann, Bob Zepf and Allison Kahn

attending various sessions with management, all agreed that Oswald made the best presentation and were selected to be our P&C broker. The annual renewal date is January 30<sup>th</sup>.

Conflict of Interest forms were sent out to all board and committee members and all were returned except one. Ms. Oakman will get Marvin Butts to sign his the next time she sees him! The Summary form was sent out to the committee with dollars added to help show the materiality of any transactions. The committee reviewed all of the responses and noted than none of them rise to the need of being disclosed to the LYS board. The Committee felt that most of these disclosures were of a routine nature and warranted no further action.

The Committee discussed responses from three individuals. Rich Haffey is an employee of PNC and Lighthouse does its banking and has a \$1MM line of Credit with PNC. In addition, Bob Rich is a partner with Taft Stettinius and Hollister which does work occasionally for Lighthouse. These are not seen as issues but likely need to be disclosed. Mr. Haffner indicated that he would talk with Mr. Rich and Mr. Haffey. Mr. Haffner also noted Katie Kitchin, is working with her corporate attorney to determine if her being employed by Corporation for Supportive Housing and sitting on the NLP presents a conflict of interest. Mr. Haffner would report back to the Committee at the next meeting the determination of this discussion. Mr. Feldmann will report these summary findings to the LYS board.

Ms. Goold provided an update on any legal issues and she was happy to say that there was nothing to report!

Ms. Oakman provided a compliance update: We received our CARF certification from our survey in early August. This came in record time and speaks to the good work that we are doing on a clinical basis! The Strategies to End Homelessness site visit was completed at the beginning of October and we had a successful visit. Ms. Oakman noted that she would have more of a framework to show our compliance update the next meeting.

The committee set the next meeting on Tuesday March 12<sup>th</sup> @ noon.

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

Respectfully submitted,

Judith A Oakman