

**Lighthouse Youth & Family Services
Audit Committee Meeting Minutes
July 12, 2019**

A meeting of the Lighthouse Youth & Family Services Audit Committee was convened on July 12, 2019, at 401 E. McMillan at noon.

Those in attendance: Ken Feldmann, Bobbie Cave, Tom Schiller, Bob Zepf and Paul Haffner.

Staff: Judy Oakman and Cathy Goold

Guests: Brian Todd and Tamara Avery from Clark Schaefer, Hackett
Moirra Lyon and Sharon Summers from Oswald Companies

Ken Feldmann welcomed everyone and asked for a motion to approve the minutes as previously distributed. Bob Zepf motioned and Tom Schiller seconded. The motion passed unanimously.

Mr. Feldmann introduced Brian Todd and Tamara Avery from Clark Schaefer and Mr. Todd walked through his presentation on the audit plan for this year. He addressed the auditor's and management's responsibilities as well as materiality levels and Federal testing requirements. Mr. Todd noted the Lighthouse entities included in the consolidated audit report as well as the Sheakley Center for Youth LP which is not consolidated. The Committee next discussed the services and fee estimates and independence considerations which are within normal parameters. Mr. Todd detailed the new revenue recognition and contribution classification as well as the new lease pronouncement. Mr. Todd asked if there were any concerns from the committee and indicated his willingness to discuss anything offline. Finally, Mr. Todd commented on Lighthouse's allocation of administrative overhead and indicated that LYS is at 85-86% of program to total expenses. He did not feel that Lighthouse's administrative overhead was too high; in fact, we border on being too lean. The committee specifically noted the need to continue with professional development and other investment activities in the long-term growth of the agency. These typically fall in the administrative bucket but are critical for sustainability. The auditors concluded and then exited the meeting.

Mr. Feldmann then introduced Moira Lyon and Sharon Summers from Oswald to share with the Committee the overview of Property & Casualty insurance coverage for Lighthouse. This was the first time that Oswald had addressed the committee since being selected. Ms. Lyon expressed gratitude to be partnering with the Agency. Ms. Lyon explained the coverage that Philadelphia has provided for Lighthouse over the years and we were able to make some significant changes this past year to save some dollars but also expend other coverages. Tom Schiller asked Ms. Lyon if the \$5 million limit on Umbrella policy with Philadelphia was enough coverage. Ms. Lyon believes this could be increased to \$10MM to cover an Agency our size.

She indicated that we had taken a number of steps to reduce our risk exposure and would continue to work at making coverages more appropriate for a business our size. She reviewed in detail the coverage chart made available to the committee as well as the timeline in effect this past year. Ms. Lyon described the opportunity to add Active Shooter/workplace violence specific coverage and the Volunteer Accident insurance coverage. Before leaving the meeting, Ms. Lyon indicated that although Philadelphia was the only Agency to give Lighthouse a quote this year, she had verbal confirmation that

Great American Insurance Company would quote our business this year. This will help with keeping the quotes competitive! Ms. Lyon and Ms. Summers then exited the meeting.

The Committee then discussed the two coverage suggestions and the determination was NO for the Active Shooter Coverage: citing our existing general liability policy as well as Employee Assistance Program, and YES to the Volunteer Accident Coverage. It was coverage that we did not currently have and was relatively low cost (\$2,064).

Cathy Goold was happy to report that there are no outstanding legal issues for Lighthouse except for one EEO compliant. Ms. Oakman remarked that the Employment Practices policy is the one where we have the most claims and exposure. We live in a very litigious society.

There being no further audit committee business, the meeting was adjourned at approximately 1:30pm.

Respectfully submitted,

Judith A Oakman