MINUTES
AUDIT COMMITTEE MEETING
May 26, 2015
SCHMIEDESKAMP, ROBERTSON, NEU, & MITCHELL 525 JERSEY, QUINCY, IL

Attendance:

Lowell Yates (Gray Hunter Stenn, CPA)
Erin Wharton (Gray Hunter Stenn, CPA)
Brett Gorman (Audit Committee Chairman)
Misty Scott (Audit Committee Member)
Will Duryea (Audit Committee Member)
Charlie Bach (Audit Committee Member)
John McKillip (Mississippi Valley Council Treasurer)
Bill Daniels (Mississippi Valley Council VP Finance)
Todd Lamison (Mississippi Valley Council Scout Executive)
Ryan Barnes (Mississippi Valley Council Accountant)

Action Items:

* MOTION (by Charlie Bach, seconded by Will Duryea) to ACCEPT AUDIT REPORT. Motion Carried.

Discussion Items:

* Brett Gorman opened the meeting at 4:35 PM. Brett turned the meeting over to Lowell Yates, CPA for Gray Hunter Stenn. Lowell opened the discussion with the document titled, “Communication with Those Charged with Governance.” This is a required report that must be issued each year, and it discussed the scope of the audit’s work. They encountered no significant difficulties in dealing with management in performing and completing the audit.
* Lowell moved on to the “Communication of Internal Control Related Matters Identified in the Audit” letter. There were three issues that they remarked upon in regards to the internal control. The first one was the most important: UPMIFA and its application. The council had been recording certain endowment earnings as restricted that should have been unrestricted. Lowell noted that the second and third issues were not as critical but could possibly be improved upon. The second issue was that payroll records were not being reviewed by an appropriate level of management. The final issue was that the Council had approximately $768,000 in cash deposits in excess of FDIC insurance limits.
* Lowell moved forward to the Independent Auditors’ Report on pages 2 and 3 of the audit. The auditors’ report states that in their opinion, the financial statements are presented fairly in regards to the Generally Accepted Accounting Principles (GAAP). Lowell made mention of issuance of prior period adjustment to correct the application of UPMIFA in regards to permanently restricted, temporarily restricted, and unrestricted. They went back to 12/31/12 to determine what the best beginning balances would be so that the financial statements would reflect the correct application of UPMIFA. He alerted the audit committee to page 20 footnote 13 where he reiterated that the total number of net assets did not change with the restatement of the beginning balances.
* Lowell noted that the financial statements have four components – Statements of Financial Position, Changes in Net Assets, Cash Flows, and Functional Expenses. He made note that the adjustment of net assets included the transferring a portion of the 2013 and 2014 operating fund net income to the board designated capital fund for maintenance. In addition to the four financial statement components, the audit also includes some notes to help those who want to know more about the Council and its financials. Lowell opened the meeting for questions.
* Bill Daniels noted that an organization he is familiar with in the state of Missouri is able to release temporarily restricted funds through the Attorney General. He also mentioned the Journey to Excellence piece related to endowment.
* Erin Wharton discussed UPMIFA not applying and since that’s the case, any appreciation on the permanently restricted should be classified as unrestricted. She believes that a large portion of the Council’s endowment should likely be unrestricted but took a conservative approach in estimating the permanently vs unrestricted pieces.
* Brett responded to the internal control letter. Todd Lamison mentioned that the Council is taking the appropriate steps to address the three things noted on that letter. First of all, the Council is currently recording the endowment gains and losses in the appropriate manner. Secondly, Todd has been reviewing the payroll documents prior to processing and signing the payroll registers as proof of his approval. Finally, the Council is reviewing restrictions on funds before deciding whether to invest, diversify the location within multiple banks, or a combination of the two.
* Erin mentioned that the 990 will be made available online. Per Bill Daniels, the board will vote on the 990 at the June board meeting so that the federal 990 and state AG990IL can be completed by the end of June.
* Meeting was adjourned by Brett at 5:35 PM.

Respectfully submitted,

Todd Lamison Attest:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Scout Executive Brett Gorman, Audit Committee Chairman

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