

# **JOINT AUDIT COMMITTEE of the EXECUTIVE COUNCIL and DFMS**

**New York, New York**

**April 21, 2021**

## **Minutes of the Zoom Meeting**

Attending the meeting from the committee: Bryan Krislock, Del Glover, William Haas, Patty Downing, Phoebe Roaf, and Tess Judge; from the staff, Kent Anker, Kurt Barnes, JoAnne Brockway, Tanie Oconer, Margareth Crosnier de Bellaistre, Geof Smith, and Nancy Caparulo; from Episcopal Relief and Development, Esther Cohen; from external audit firm, Grant Thornton (GT), Pat Crosby, Ed Miller and David Bronfman.

Mr. Krislock called the meeting to order at 11:02 AM EST and Ms. Downing offered a prayer.

A check-in exercise began the meeting after which the agenda was reviewed and approved, unchanged. The minutes from the December meeting were not considered.

Mally Lloyd's resignation from the committee and Patty Downing's arrival as her replacement were announced.

### Update on the 2020 Audit

Ed Miller reported on GT's early work on the 2020 audit. A calendar has been set up with a report planned for this committee's June 14 meeting. A short discussion looked at the flow of information from management to the auditors.

The consolidation module around Financial Edge (FE) and endowment accounting was reviewed and discussed. Ms. Brockway had worked with the consultants from Blackbaud and discovered that their module didn't suit DFMS needs. Automatic posting to the general ledger was problematic. The plan now is to change the consolidation workbook currently in use to meet GT's needs. GT will consult about how best to configure the module. Kurt added that Guam and the Trust Funds are not in the Financial Edge platform. Reports brought over from Financial Edge are turned into Excel spreadsheets and consolidated from them; so, there is no difference between FE reports and the Excel spreadsheets.

Mr. Glover talked about the importance of having a clean audit with no exceptions.

### Finance Report

Mr. Barnes went through his report, which had been posted to the Extranet. The budget is a cash budget and is only part of the audit report. Budget tracking is done against what is approved by the General Convention (GC) and is approved annually by Executive Council (EC). In 2020 EC revised the budget in both June and July. Diocesan payments were in line with expectations, as was trust fund income. Rental income had been deferred for a few tenants, who will catch up the deferments in 2021, before the end of the would-be triennium.

Expenditures continued to be below budget. Assumptions had been made in the summer of 2020 that face-to-face meetings might happen before the end of the year. That did not happen. In 2020 there was outperformance of the trusts yielding a 19% return. In the first three months of 2021 Diocesan commitments have been in line with expectations. Trust funds had a rocky January and recovered in February. Expenditures remain in control as strong restrictions continue on travel and in-person meetings.

The Development Office continues to be strong. In the first 3 months of 2021 the annual appeal realized more than \$100,000, a considerable increase from 2020. Mr. Barnes applauded the work of the office in its current configuration.

The budget will be revised as needed as time passes. Mr. Krislock inquired about the refugee resettlement program and its challenges. Mr. Barnes noted two parts to the program, those of resettlement and loan collection. Resettlement is funded by the government where expenses match income. Although the refugee cap has not been changed, a different cap is expected in mid-May. DFMS will not be resettling in large numbers until the next fiscal year. EMM substantially reduced the resettlement sites, which will take time to rebuild. DFMS will manage expenditures to match revenue, so EMM staff is not yet being changed. Revenue from refugee loans was budgeted at \$650K but fell short about \$13K in 2020. No new loans were opened since refugees were not being admitted. Loan revenue has recovered as budgeted in the first three months of 2021.

#### COO Report

A new public affairs officer, Amanda Skofstad, will begin May 10 to replace Nancy Davidge. She has extensive knowledge of working with both national and religious media.

Budget projections for 2022 were provided to the Treasurer in line with prior budgets but with the addition of an increase in Communications. It is hoped that no repairs will be needed on the 815 façade once the city building inspectors have assessed it.

Limited travel and use of the 815 building have been approved. A look is being taken at what the new normal is likely to look like. A tentative date for returning to offices is timed with the beginning of the new school year. A hybrid solution for staff working in 'pods' is under consideration to keep everyone safe, e.g. working a couple of days at home and a few at 815.

The first use for the 5<sup>th</sup> floor conference room may happen on June 12 with physical distancing and mask wearing in place.

Construction for the interim Archives is now under way at the former furniture store that will house the Archives for 5 years. July 1 is now the exit date from the seminary. Canon Lowrey is negotiating with Iron Mountain about the cost of housing part of the collection. Archives, because of the move, will be closed to all but essential business until August 1.

#### New Member Joined the Executive Team

Kent Anker was asked to discuss his arrival on the DFMS staff. He has been on board about 100 days, is a native New Yorker and formerly a litigator in a corporate law firm as well as general counsel for a charter school organization.

Mr. Anker reviewed the work of the legal department and its assessment of using technology to increase efficiency. They are looking at policies and by-laws, particularly the whistleblower policy. Other policies are under review by Senior Management and Legal is working on insurance questions and tax exemption. They are looking at re-filed trademark applications for EC in Europe and at charitable registrations around the country as well as the licensing agreement with Sacred Ground. The focus is on prevention of infringement on copyrighted work. The office is working with HR, the COO and TRO concerning ongoing questions of government activity and the Paycheck Protection Program for churches and dioceses.

Moved (Glover) and seconded (Downing) into executive session at 12:08 PM. Mistery Smith and Barnes were to remain while others were placed in a break-out room.

Ms. Cohen left the meeting at 12:11 and the plenary session resumed at 12:34 PM.

#### Whistleblower policy update.

Mr. Anker reported that the policy was already solid but some amendments have been made to tighten it. The EC Committee on Governance and Operations is looking to consider the amendments at the next EC meeting in June.

#### Agenda planning:

- Enterprise mismanagement – for September 13<sup>th</sup>. Ms. Judge will work with Mr. Smith on this
- HR director update – June meeting; Mr. Smith will arrange Ms. Sondak's participation; there are questions around succession planning
- IT information re: security/privacy – September meeting; there's an IT audit that can be used in this discussion; Mr. Darling will be invited to attend.

The agenda having been completed, Mr. Krislock thanked everyone for participation and the meeting was adjourned shortly before 1:00 PM.

Respectfully submitted,  
Nancy Caparulo  
Staff support to the committee