

From: Financial Review Task Force

To: The Leadership Cabinet of Yellowstone Presbytery

Date: November 19, 2021

The Financial Review Task Force was previously formed by the Budget & Finance Committee of Yellowstone Presbytery in order to perform the Presbytery's financial review on an annual basis. The task force has not performed a review since 2015 for the fiscal year of 2014. The General Assembly of the PCUSA recognizes this procedure as a viable alternative to utilizing independent CPA firms and provides resources to guide the efforts of the volunteer committee.

Two events have occurred in the interim that have emphasized the need to reinstitute the Task Force's mandate. The first was the resignation of the Presbytery's long term Treasurer at the end of 2019. The second was the conversion of the Presbytery's accounting software from Church Windows to Quickbooks. With these two significant changes in mind the Task Force deemed it advisable to perform review procedures on the Presbytery's accounting records as of December 31, 2020 and for the year then ended.

The Task Force performed its procedures on November 18, 2021 in the Presbytery's office and was composed of Debbie Blackburn and Dan Holland. The Task Force was provided with considerable assistance from Ric Tieman, Treasurer, and we are grateful for all his help.

Our informal review does not purport to provide the Presbytery with any assurance that the books and records are free from misstatement and that no falsifications have occurred. Rather a number of different procedures were performed that are designed to test some of the internal controls as well as to verify some of the balances reported on the yearend financial statements. At best these procedures provide only limited assurance as to the status of the books and records. Ideally it also provides a framework for making recommendations to improve the financial processes within the church.

The cursory procedures performed for 2020 were the following:

- 1) All bank and investment accounts were compared to yearend statements and reconciliations. No differences were noted.
- 2) Payroll was compared to the governmental forms that were filed as well as to employee files. All differences were adequately reconciled.
- 3) Three different designated funds were analyzed (Equip & Encourage, Higher Ed, and Revamp the Camp.) We looked at the activity within each fund during the year and traced the deposits and disbursements back to their source documents.
- 4) We traced a small random sample of disbursements from the checking account bank statement back to the general ledger as well as to source documents and authorization forms.
- 5) Deposits into the checking account were totaled for the year and compared to the accounting records for reasonableness.

Members of the Leadership Cabinet
November 19, 2021
Page Two

Observations:

The books and records of Yellowstone Presbytery are relatively complex. As of December 31, 2020 there were five separate general funds, seventeen designated funds, and three restricted funds in the fund balance section of the balance sheet. Each of these funds must be maintained in order to preserve the original intent that established the fund. There is also one checking account and seven different investment accounts that are maintained and reconciled on a monthly basis. In addition there are many different areas of authority within the statement of income and expense, which mirror, for the most part, the various mission teams of the Presbytery and the budgeted constraints thereon. Finally, the Presbytery acts as custodian for the funds belonging to St. Timothy's chapel. All of this activity is accounted for by the Presbytery's Treasurer, Ric Tieman, on a part-time basis and with the assistance of an outside bookkeeping company.

All income received by the Presbytery is deposited and coded by the Presbytery's Administrative Assistant, Susan Seibert. Susan also records the pledges made by the various constituent churches for General Mission as well as the assessments for per capita.

The task force observed that the Treasurer has moved a considerable amount of the Presbytery's records online, and pays most of the disbursements electronically. The Task Force believes this is a positive development as it allows for remote access and helps decentralize the accounting function.

Conclusion:

As we mentioned previously, the books and records of the Presbytery are quite complex. We are fortunate that Ric Tieman has been able to do a more than adequate job of maintaining the accounting for the organization. We did not note any significant discrepancies that would lead us to suggest additional procedures should be undertaken.

Yours in Christ,

Financial Review Task Force