

Temple Sinai Board of Trustee Meeting 1/25/18

Board Members Present: Lane Feingold, Jen Feingold, Michelle Weinraub, Amy Rittenberg, Bruce Tully, Frank Urman, Larry Jacobson, Gene Rosenthal, Wendy Vean, Karen Kaplan, Vicki Goldman, Kathy Zeiger, Barb Lettes

Staff Present: Rabbi Rick Rheins, Rabbi Susan Rheins, Lorne Maltenfort, Karen Pawlak, Jody Meyer, Lisa Thorner, Julia Teitell, Marissa Vaughn, Dan Yolles

Guest: Jeff Cohen CPA

Larry Jacobson called the meeting to order at 6:35 P.M. It was noted that a quorum was present. Rabbi Rick Rheins delivered the D'Var Torah. Larry Jacobson thanked Mark Meyer for his service on the board, and expressed his hope that Mark will continue to serve on the Finance Committee and will volunteer in other capacities. Mark will no longer serve on the board of trustees, as his wife Jody, has become a full-time employee of the Temple, with her new position of Interim Director of Religious Education. Per the by-laws, a congregant may not serve on the board, if their spouse is a full-time employee. Shirley Beer-Powell has resigned as Temple Sinai Sisterhood President. This resignation is in turn a resignation to the Board of Trustees. Larry Jacobson thanked Shirley for all of her contributions.

A motion to approve the consent agenda was made by Frank Urman. Jen Feingold seconded the motion. The motion passed as presented. Frank Urman introduced Jeff Cohen CPA, who prepared the audited financial statements for the fiscal year ending 6/30/17, for Temple Sinai. Frank expressed that the process to be able to present the audit has been very long. The time Jeff has taken to prepare the audit has been more than two times what he had originally budgeted. There were many hurdles that needed to be overcome in order to get the final draft of the audit. Frank thanked Jeff Cohen, Karen Pawlek and Lorne Maltenfort for the efforts regarding the completion of the audit. Jeff Cohen thanked the Temple for the engagement to prepare the audited financial statements. Jeff discussed that the financial statements belong to Temple Sinai and the Temple is responsible for the presentation of the statements. In the Opinion Letter, the auditor expresses an opinion regarding the representations of the audited statement. The audit was prepared under GAAP (Generally Accepted Accounting Principles). The auditors test various aspects of the financial statements to determine if they fairly represent the financial condition of the organization. The audit for the fiscal year ending 6/30/17 received a non-qualified opinion. Therefore, it was a clean audit.

The following are the highlights of the audited financial statement dated 6/30/17. The statement of financial condition, or balance sheet, includes the unrestricted funds, temporarily restricted funds, endowments and JIFL. The recap of the Temple's statement of financial condition includes a total of \$787,000 in cash, \$385,000 of which are restricted funds, most of which are restricted for the purpose of paying down the mortgage. Accounts receivables total \$596,000, \$385,000 of these receivables are restricted to pay down the mortgage. Investments total \$1,063,000. \$943,000 of the investments are endowments and \$55,000 of the investments are unrestricted assets. This results in \$839,000 available for operations. The liabilities include the \$2,200,000 mortgage, a \$246,000 loan which was money borrowed from Special Purpose Funds for operations. There is a plan in place to begin paying this money back. There is \$139,000 in the due to, due from temporarily restricted funds account. This is an accumulation of money which was donated to Special Purpose Funds, but the money was not moved from the general account to the Special Purpose Funds Account. There is a \$50,000 receivable from the endowment. This is not a loan, it is a due to, due from account. A \$32,272 liability was created because the Zwerin Endowment decreased from its initial investment. This occurred from the downturn in the stock and bond market. This situation has improved significantly from \$108,000 one year ago. The statement of activities, or income statement, reflects a net loss of \$13,000 on an accrual basis.

The Building Our Future receivables have been re-categorized for the 6/30/17 audit. The prior auditors felt that after the building was occupied, that the receivables should become unrestricted. The current auditor has moved the BOF receivables back to temporarily restricted, as it was determined that the intent of the donors was that their donations to BOF were for the sole purpose of the construction the building and for paying off the loan on the building. The statement of cash-flows reflects a \$13,000 decrease in assets. When depreciation is added back in, the Temple generated \$605,000 in cash. With that cash, the mortgage was paid down by \$492,000. The footnotes of the audit reflect the nature of the organization, the accounting policies used for this type of organization. In addition, the footnotes reflect more specific breakdowns of various categories in the statement of financial condition. Note 4 provides a breakdown of the categories of accounts receivables, their respective allowances for doubtful accounts and their net balances. Lane Feingold mentioned that the allowance for doubtful accounts was large relative to the gross receivables and he inquired as to how the allowance was determined. Frank Urman said that the receivables for dues allowance, was based upon looking at the previous year's balance and compared it to the current year's balance, and if it was unchanged, the account was placed in the allowance. The receivables for the religious school and preschool were determined to be doubtful based upon their month to month activity. BOF accounts with no activity were placed in doubtful accounts. Frank expressed that Karen wasn't able to produce an accounts receivable aging, so this was the process used.

Note 13 in the audit provides an analysis of the Special Purpose Funds. Jeff Cohen plans to address the Temple's processes & procedures in his management letter regarding the depositing of money in the SPFs and releasing the expenses from the SPFs. As the process of movement of money in and out of these accounts has not been consistent.

Note 16 addresses the prior period adjustment regarding the movement of the cash and receivables which were pledged to Building Our Future from unrestricted to temporarily restricted, based upon the donors' intent for their donation to be applied to the construction of the building and the repayment of its mortgage. Lane Feingold asked what adjustments will be made to the financial statements as a result of the audit. Jeff Cohen responded that the net adjustments will be \$369,000. At the beginning of the audit, the trial balance reflected a net income of \$434,000. After the adjustments, the net income was \$65,000. Frank responded, that the goal is for the accounting department to produce accurate financial statements, so that large adjustments are not required. Frank is confident in the current staff and their ability to produce accurate financial statements. There is a significant amount of work to be done to implement systems, processes and procedures to produce more efficient and accurate financial statements. When Shul Cloud was implemented, the old and new systems were not run simultaneously. The errors that occurred with the transition to ShulCloud, as well as, adjustments that were not made on a regular basis have created this large adjustment. The Building Our Future Fund was tracked on a spreadsheet, not in the accounting system. These issues will be addressed with accounting procedures and an accounting manual. The accounting systems and procedures will be brought up to 21 st century standards. The management letter prepared by Jeff Cohen will highlight the deficiencies.

Karen Kaplan made a motion to approve the audited financial statements dated 6/30/17. Wendy Vean seconded the motion. The motion passed as presented.

Jen Feingold asked if the current budget should be adjusted based upon the results of the audit. Frank Urman expressed that he doesn't have confidence in the monthly financial statements relative to the budget. Frank has been, and plans to continue to manage the financial condition of the Temple on a

cash basis. Currently the cash position is \$237,000, less \$51,500 in payable, resulting in \$185,500 in net cash. This cash position will be watched to insure it remains stable throughout the remainder of the year. The cash and receivable balance of the BOF will be audited to verify the balance.

Jody Meyer asked if it is a conflict of interest if the auditor is also a congregant. Frank responded that this issue was discussed with the audit committee, and it was determined that Jeff's resume and reputation in auditing non-profit organizations, far outweighed the negatives. In addition, CPAs are held to professional standards and are reviewed to insure they are meeting those standards. Jody also inquired if the Bank is aware of this situation. Frank will disclose this information to the Bank.

Lorne Maltenfort recapped many of the great accomplishments over the past year:

- 1) Built a strong, dedicated staff, including a new Director of ECE starting on April 1 dt. Dan Yolles is now a full-time employee. A national search has begun for the position of Director of Education.
- 2) Organizational chart and job descriptions have been completed,
- 3) Four successful Shabbat Summer Series programs were held,
- 4) The Slices program drew 120 participants,
- 5) Two successful Campfire Shabbats have been held,
- 6) The religious school has been rebuilt, and Jody Meyer is the new Interim Director of the Religious School,
- 7) The first young professional program was held, and three more are scheduled,
- 8) The very successful scholar in residence program was held. This was the first one held in nine years,
- 9) Lifelong Jewish Learning is thriving,
- 10) On 2/24/18 the Temple will holding an exhibit of Todd Siler's art,
- 11) The annual event will be held on 5/5/18,
- 12) The Temple will be participating in the Rose Community Foundation's stewardship program,
- 13) Temple hosted its second youth group Chavurah,
- 14) A new PR director was hired and is keeping the Temple's social media up to date,
- 15) A new employee handbook has been written,
- 16) Membership records are being audited,
- 17) Financial statements are more accurate,
- 18) The Temple is in the process of being rebranded with a new logo, new colors and an updated website.

Larry Jacobson presented the organizational chart and job descriptions which are included in the board packet. He expressed that these are living documents that may change as feedback from the staff is received and as jobs evolve. It was pointed out that the Cantor should be added on the music engagement educator's job description. It was also mentioned by Barb Lettes that there are many director positions. Per the current by-laws, all of these positions have the word director in the title. In addition, these titles provide the opportunity for promotion to senior director. It was discussed that the director position speaks to the fact that the employee is managing activities and people.

Dan Yolles expressed that he feels that his position should be a director position based upon his job description. He also is interested in running the young professionals program. He feels that the activities he is involved in are equivalent to the Director of Youth's activities and therefore he should also have the title. There was also discussion regarding whether he and Julia Teitell should share the job regarding young professional programming.

Lorne Maltenfort asked that this discussion regarding employment issues be tabled at this time, as it is not an appropriate discussion in front of the staff.

Lisa Thorner mentioned that in the organizational chart it appears that Marissa Vaughn's position is equal to the part-time administration position. This adjustment will be made to the organizational chart to move her up on the chart. Marissa Vaughn asked for the part-time administration position to be a full time salaried position. Lorne Maltenfort requested that this discussion take place at a later date. It was also mentioned that on the organizational chart, the controller, director of programming and director of education should all appear on the same line. The job description for the Director of Education, as well as, the position on the organizational chart was presented to the board. Jen Feingold moved to approve the position and the job description for the Director of Education. Karen Kaplan seconded the motion. The motion passed as presented.

Larry Jacobson reported that the BOF mortgage has a balance of approximately \$700,000 after BOF cash balances and pledges. An anonymous donor would like to donate \$350,000 as a matching gift in order to pay-off the mortgage. Therefore, the congregation needs to raise \$350,000 to obtain the matching gift. Larry suggested that the congregation be assessed \$300 per family over three years. Larry reported that a large percentage of the congregation has not made any contribution to BOF. The board discussed the pros and cons of an assessment. It was decided that a committee would audit the BOF records to determine what percentage of the congregation has contributed. Frank Urman agreed to chair the committee.

A draft of the strategic plan has been presented to the Executive Committee. With feedback from the EC, the strategic planning committee will work on a final version to present to the EC and then to the board. The goal is to have an approved final version to present to the congregation in March along with the Listening Campaign Phase II results. A board meeting solely dedicated to the strategic plan will be held on 2/13/18 at 5:30 P.M. The meeting was adjourned at 8:40 P.M.