



Desert Foothills Lutheran Church – Financial Review

Section 25.205 General Information

Bank Accounts

- Name: Chase Bank
 - Account Number:9736
 - Description: Checking Account – General operations
 - Authorized Signers: Howard Dicke, Gwen Shaneyfelt, Jim VanVliet
 - Number of Signers Required: One
 - Balance 9/30/2023: \$80,631
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- Name: Chase Bank
 - Account Number:7738
 - Description: Savings Account – General operations and holding account before cash being transferred to other accounts
 - Authorized Signers: Howard Dicke, Gwen Shaneyfelt, Jim VanVliet
 - Number of Signers Required: One
 - Balance 9/30/2023: \$1,330,249
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- Name: Lutheran Federal Credit Union
 - Account Number:S301
 - Description: Savings Account (Support the Lutheran financial system)
 - Authorized Signers: Patty Wendal, Howard Dicke, Mary McCormick, Pam Grass, John Wendel
 - Number of Signers Required: One
 - Balance 9/2023: \$1075.73
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- Name: Lutheran Federal Credit Union
 - Account Number:S319
 - Description: Checking Account (Support the Lutheran financial system)
 - Authorized Signers: Patty Wendal, Howard Dicke, Mary McCormick, Pam Grass, John Wendal
 - Number of Signers Required: One
 - Balance 9/2023: \$814.63

- Name: Lutheran Church Extension Fund
- Account Number:4030
- Description: Checking account for Growing Legacy and Capital Campaign contributions only.
- Authorized Signers: Howard Dicke, Gwen Shaneyfelt, Jim VanVliet
- Number of Signers Required: One
- Balance 9/30/2023: \$2,517,803

- Name: Lutheran Church Extension Fund
- Account Number:5322
- Description: Savings account
- Authorized Signers: Howard Dicke, Gwen Shaneyfelt, Jim VanVliet
- Number of Signers Required: One
- Balance 9/30/2023: \$266,907

Endowment

- Name: Thrivent
- Account Number:0244
- Description: Investment fund for the Endowment account
- Authorized Signers: Susan Richard and John Wendel
- Number of Signers Required: Two
- Balance 9/30/2023: \$411,522

Safe Deposit Box

- Authorized Signers: Howard Dicke, Ann Callies
- Name of Bank: Wells Fargo
- Address: 4167 N. Scottsdale Rd
- Box Number: AZNOR0125400908
- Key Holders: Mark McCrory
- Contents: Unknown
- Number of signatures required to enter: One

Investment Accounts

- Name: RBC Wealth Management
- Account Number:1532
- Description: Source to sell donated stock and then transfer to one of the other bank accounts
- Authorized Signers: Howard Dicke, John Wendel
- Number of Signers Required: One

Mortgage Holder

- Name: Lutheran Church Extension Fund
- Account Number:5127
- Description: Mortgage 3.37% Maturity: 6/26/2023
- Authorized Signers: Howard Dicke, Gwen Shaneyfelt, Jim VanVliet
- Number of Signers Required: One
- Balance 1/26/2023: \$647,927

- Name: Lutheran Church Extension Fund
- Account Number:7398
- Description: Mortgage 3.37% Maturity: 3/2/2034
- Authorized Signers: Howard Dicke, Gwen Shaneyfelt
- Number of Signers Required: One
- Balance 1/26/2023: \$232,444

Credit Cards

- Name: Lutheran Federal Credit Union (Mastercard)
- Account Number:830
- Description: Credit Card for ministry use
- Authorized Signers: Mark McCrory, Jeremy DaPena, Jim VanVliet, Christie Fletcher, Kat Sievert, Ben Hoppe, Martha Betcher
- Number of Signers Required: Each individual is a signer for their own card. Cards are reconciled every month.

- Name: Wells Fargo (Visa)
- Account Number:5250
- Description: Credit Card for office use (purchase of office supplies)
- Authorized Signers: Michelle Jacobsen, Patty Wendel
- Number of Signers Required: Cards are reconciled every month.

Section 25.210 Important Document Inventory (List all evidences of ownership and liabilities of the congregation)

Category	Description	Location	Date Acquired	Other Info
Investments	Endowment	Thrivent		Market Value
Accounts Receivable	N/A			
Land & Buildings	Land Deeds	LCEF		
Personal Property	N/A			
Loan Payables	Mortgage held by LCEF	LCEF		
Sales Tax Exemption	N/A			
Federal Tax Exemption	Federal Income tax exemption due to non-profit status	Document held in office as well as in cloud data storage		
Nonprofit Corp Report	Report filed annually with the Arizona Corp Commission	AZCC.Gov		
Articles of incorporation	Document officially forming the organization	Document held in office as well as in cloud data storage		
Constitution	Organization's purpose, structure, and limits	Website		
Bylaws	Organization's management structure, procedures, and dispute resolution	Website		
Voter's Minutes	Record of all congregation meetings	Website		
Insurance Policies	Liability, medical, worker's comp	Document held in office as well as in cloud data storage		
Endowment Agreements	Endowment purpose, structure, and disbursement	Document held in office as well as in cloud data storage		

Section 25.215 Insurance

Description	Company	Coverage	Annual Premium
Liability Insurance	Guide One (Hartford)	Property	\$14,386
Workers Compensation	Guide One (Hartford)	Work Comp	\$1,408
Healthcare	Concordia	Medical, dental	\$37,318
Umbrella	Guide One (Hartford)		\$800
Directors and Officers	Guide One (Hartford)	Part of Property	Part of Property

Section 25.220 Cash Receipts

Procedure Description: Donors place cash or checks into the receptacles located at the back of the sanctuary and worship center. These receptacles are locked. At the end of each service, Ushers remove contents and deposit in church safe. The Bookkeeper and another person count all donations, records them, writes a bank deposit slip, and then deposits them in the local bank. Donations of this type average about \$300-\$400 per week.

1. Is cash counted immediately following the worship service? **No**. If not, how is it stored and secured? **Contributions are kept in the church safe**
2. Do two or more people count cash? **Yes**
3. Is the bank deposit prepared as part of the counting procedure? **Yes**
4. Is the Treasurer denied a position as a counter? **The Treasurer does not count cash.**
5. Do two or more people take the deposit to the bank immediately following the count? **No**
6. Is a copy of the deposit slip kept as a permanent part of the financial records? **Yes**
7. Is the person who posts the contributions to the individual contributor's ledger denied being a part of the counting process? **No**
8. Are quarterly individual contribution records sent to individual congregation members? **Not quarterly but on a regular basis.**
9. Is a count sheet used as part of the counting process? **Yes**
10. Is the count sheet reconciled to the bank deposit? **Yes**
11. Are signatures required at the bottom of the count sheet as to who prepared it? **Yes**
12. Are the counters bonded? **Through the liability insurance.**
13. Are questions from congregational members about differences between congregational individual giving records and their own records handled by someone other than the Treasurer? **Yes**
14. Do weekly contribution envelopes agree with the weekly tally sheets? **No. Envelopes are used so infrequently that envelop giving accounts for a small percentage of total giving.**
15. Do contribution statements contain proper disclosures required by the IRS? **Yes**
16. Are "quid-pro-quo" contributions acknowledged within the time frame required by IRS? **Yes**

Section 25.225 Cash Disbursements

Procedure Description: Invoice or request for payment is received. This request must be signed by the requestor and approved by the manager of the requesting ministry. Each request must

have a description of the purchase. Each request must have an account number to which it is charged. No cash is used for payment...only check. The check is made out to the requesting party and signed by only designated signers. A copy of the check stub is attached to the request/invoice and filed. All entries are recorded in QuickBooks.

1. Is someone responsible for counting and signing for the receipt of goods and services? **Yes**
2. Is the treasurer given proof of the receipt of goods and services? **No**
3. Is a voucher system used? **No. Invoices act as vouchers.**
4. Are blank checks kept in a secure place? **Locked drawer.**
5. Are purchase orders used? **No**
6. Is a budget used? **Yes**
7. Are all checks viewed by two or more people? **Yes**
8. Is a bank reconciliation prepared on a timely basis for all bank accounts by someone independent of the receipting and disbursing process? **Yes. Mary McCormick**
9. Are checks prepared for payment only from documentation that is approved by an authorized official? **Yes**
10. Are all checks properly filled out prior to being signed? **Yes**
11. Is more than one signature required on a check? **Only if the amount is greater than \$20,000**
12. Is the invoice marked paid with a date and check number to prevent duplicate payment? **Yes**
13. Are all check numbers accounted for? **Yes**
14. Are paid invoices filed in a logical manner? **Yes**
15. Are voided checks defaced and permanently retained? **Yes**
16. Is a copy of the check kept in numerical sequence? **Yes**
17. Does the Treasurer have term limits? **Yes**
18. Are all invoices or services paid by check? **Yes, check and Bill Pay**
19. Is a list prepared for each council meeting that reports all unpaid invoices? **Any invoices over 90 days past due are reported to the Council.**
20. Is care exercised that discounts are taken on invoices when offered? **Yes**
21. Were tax ID's obtained prior to making taxable disbursements? **Yes**
22. Are IRS tax Form 1099 prepared and distributed in a timely manner? **Yes**
23. Is petty cash controlled by one custodian? **There is no petty cash**
24. Does the treasurer review and approve the petty cash log? **There is no petty cash.**

Section 25.230 Journal Entries

1. Are journal entries approved by someone other than the preparer? **Yes. Mary McCormick**
2. Are general journal entries kept on file? **Recorded in QuickBooks**
3. Are the explanations for the entries adequate? **Yes**
4. Are journal entries properly indexed and referenced in ledgers and journals. **Yes...all through QuickBooks.**
5. Are standard journal entries used for monthly closings? **Yes**

Section 25.235 Payroll and Personnel

- Description of the procedure of adding or eliminating an individual to the payroll

After the candidate has accepted the written job offer, new employee completes:

- Arizona State Tax form
- W4 form
- Direct Deposit form
- Supervisor completes a wage sheet detailing compensation for new employee
- Benefits enrollment form
- Data is entered into Paycor by Bookkeeper
- Eliminating an employee: paperwork is completed by supervisor, changes made to Paycor by Bookkeeper
- See DFCL New Hire Checklist
- Procedure for adding to Concordia Plans
 - Group employee benefits are available to fulltime employees only
 - Employee completes benefits enrollment form provided by Concordia
 - DFCL contacts Concordia regarding new employee
 - Form info to Concordia...employee enrolled
- How is special compensation handled (Housing and other allowances)
 - Special compensation is detailed in the offer letter presented to the prospective employee.
 - Once the offer letter is accepted, the new employee's supervisor informs Director of Operations.
 - Director of Operations communicates with the office Bookkeeper as to the details of the total compensation package including special compensation.
 - Bookkeeper inputs new data into the payroll system (Paycor).
- Where is information filed
 - All personnel files are stored in a locked filing cabinet
- Who keeps it updated
 - Director of Operations
- Who authorizes employment
 - Senior Pastor authorizes non-called employees and called employees are authorized by the Council
- How are rates of pay determined
 - Recommendation is provided annually by Director of Operations to Senior Pastor.
 - Senior Pastor reviews recommendation and makes adjustments.
 - Senior Pastor includes wage increases for the year in the annual budget and presents budget to the Governance Council.
 - Governance Council reviews and approves for presentation of overall budget to the congregation.
 - Congregation votes to approve.

Payroll:

1. Is a payroll journal prepared and balanced?
 - **Yes (Paycor) Imputed into QuickBooks**

2. Are all payroll disbursements made by check or direct deposit? **Yes. Direct Deposit to employees and by check to Contractors.**
3. Are employee time records kept and reviewed by a supervisor? **Yes**
4. Are all pay rates authorized by the governing board of the church and in compliance with Federal or State minimum wage laws? **Yes**
5. Is housing allowance approved annually by the governing board of the church in advance of the payment to the worker? **Yes...it's a part of the annual budget.**
6. Is payroll confidentiality maintained? **Yes**
7. Are payroll taxes withheld and paid in a timely manner to the various taxing authorities? **Yes (Paycor)**
8. Are all deductions from pay for tax-sheltered annuities (TSA), loan payments, etc., authorized in writing by the employee? **Yes (None exist currently)**
9. Are all the payroll tax forms filed on time? **Yes (Paycor)**
10. Has Form W-2 been used to report all the worker's wages and compensation? **Yes (Paycor)**
11. Does the individual worker receive a schedule explaining the computation of the amount reported on Form W-2? **Yes. Paycor does all W2's**
12. Is a personnel file maintained for each employee? **Yes**
13. Are records maintained of earned and used vacation? **Yes**
14. Does a personnel policy manual exist? **Yes (See attached)**
15. Are records maintained of sick or personal days earned and used? **Systems are in place.**
16. Is there an enforced policy that requires all workers to take a vacation? **Staff performing accounting functions are required to take 2 weeks of vacation (Another QuickBooks ID is required)**
17. Do you inform the prospective employee in advance of his/her employment that the church is not a participant in unemployment tax? (i.e., He/she would be denied a claim for unemployment in the event he/she resigns or is terminated, and is that understanding verified in writing?) **Yes, it's in personnel policy manual...each employee must sign they have received and read the manual.**
18. Is a separate bank account used for payroll? **Payroll is done through Chase checking**
19. Does the annual payroll journal agree with Form W-2s? **Yes**
20. Are gifts, bonuses, honoraria, etc., approved by the governing board? **Yes (Most recent example was employee Christmas bonuses in 2022)**
21. If a separate payroll account is used, is it reconciled by someone other than the person who prepares payroll? **Yes (Mary McCormick and Jim VanVliet when reviewing Financial Statements)**
22. Have new hire reports been submitted? **Yes**

Section 25.305 General

1. Are all individuals who handle cash or checks bonded? **Employee theft is covered through our liability insurance policy in the section of Commercial Crime/Employee Theft (pg. 134)**
2. Has a budget been adopted by the governing board? **Yes**
3. Are actual results compared against budgeted amounts on a periodical basis? **Yes. Monthly**
4. Does the congregation follow a numeric chart of accounts? **Yes**
5. Do individuals such as the treasurer, bookkeeper and counters have complete job descriptions?
 - Treasurer: Defined in bylaws
 - Director of Operations: Attached
 - Bookkeeper: Attached
 - Counters: Attached
6. Are monthly financial statements prepared including a balance sheet that lists all assets, liabilities and net assets, as well as a statement of activities that lists all sources of revenue and all expenses? **Yes**
7. Are all financial and budgeting decisions clearly documented in the governing board's minutes? **If there is a motion made and a vote taken, it will be recorded in the Council's minutes.**
8. Is documentation accompanying restricted gifts retained? **Yes**

Section 25.310 Loans receivable

1. Are loans granted to individuals approved by the governing board or voters assembly? **There are no loans**
2. Are there signed promissory notes for all loans receivable including interest rates and repayment terms? **There are no promissory notes**
3. Are all loans adequately secured with a registered mortgage, deed of trust or lien? **There are no loans.**
4. Does a responsible official monitor monthly balances to ensure prompt payments? **There are no loans**
5. Is proof of insurance required designating the congregation as the loss payee? **There are no loans.**

Section 25.315 Loans Payable

1. Are all loans payable approved by the governing board or voter's assembly? **Yes**
2. Are loan balances per the general ledger periodically reconciled with statements from the lenders? **Yes. Monthly.**

Section 25.320 Land, Buildings, and Equipment

1. Does the church maintain a fixed asset ledger listing all land, buildings, autos, and equipment owned? **Yes**
2. Are inventories periodically taken to ensure this ledger has included/excluded all items? **No**
3. Are records kept of any items removed from the church property? **No**
4. Has the governing board adopted a policy whereby all items purchased with a cost in excess of \$_____ and a useful life in excess of _____ years will be capitalized? **Not aware of such policy. Not currently in Council Policies.**
5. Is depreciation properly calculated and recorded in the proper expense accounts? **Yes**
6. Is the sale or other disposal of property approved by the governing board? **Anything over \$10,000 requires Council approval.**
7. Are all fixed assets registered to the congregation? **Yes**
8. Is insurance coverage reviewed annually? **Yes**
Recommendation: Council to adopt a policy of an approval process as it relates to the Growing Legacy Building Program

Section 25.325 Investments

1. Has a written investment policy been adopted establishing guidelines, objectives and limitations? **Yes**
2. Are detailed records of investments maintained in a secure place and reconciled to a general ledger periodically? **Yes**
3. Are all investments recorded in the name of the corporation? **Yes**
4. Are investment income, gains and losses posted to the general ledger when statements or checks are received? **Mary McCormick posts investment income to the general ledger from statements on a monthly basis.**
5. Are any marketable securities stored in a secure vault? **N/A**

Investments:

Investment	Opening Balance	Shares/Units	Closing Balance
LCEF (Acct 4030)	\$2,496,029	2,496,029	\$2,501,328
LCEF (Acct 5322)	\$266,408	266,408	\$266,408
Thrivent (Endowment)	\$337,064		\$408,942

Section 25.330 Information Technology Controls

Congregation Name: Desert Foothills Lutheran Church

Financial Statement Date: March 2023

COMPUTER INFORMATION

Type of Hardware: See Attached spreadsheet “DFLC Employee Computer Hardware and Software”

Type of Software: See same spreadsheet

General Ledger: QuickBooks

Word Processing: See attached spreadsheet

Other: See attached spreadsheet

Review:

1. Does a written policy and procedure manual exist? **Yes. 7.200 of the Employee Manual**
2. Review procedures in place for the evaluation and approval of computer equipment and software packages prior to acquisition and implementation? **Yes. All large dollar expenditures require approval by their immediate supervisor and Director of Operations before purchase.**
3. Do user manuals exist for all applications and include a description of the application, procedural requirements, sample reports, source documents required, etc.? **Yes. All applications have online support. Plus, we have Tech4Life for on-site support.**
4. Do current computer operating instructions contain set-up instructions, operating system requirements, restart, recovery, and emergency procedures, and a listing of program messages, responses, etc.? **Yes. All applications have online support. Plus, we have Tech4Life for on-site support.**
5. Are hardware components covered by a maintenance contract? **All computer maintenance is covered by our contract with Tech4Life.**
6. Is insurance coverage adequate to replace the computer system at the current market value? **Yes.**
7. Is the computer area accessible only to authorized personnel? **Yes. WIFI areas are locked. Personal computers are secured by passwords.**
8. Does the terminal sign-off after a period of inactivity? **Yes. Each computer has its own setting.**
9. Are power surge protectors being used? **Yes.**

10. Is data backed up on a regular basis? **Yes. All files are backed up through Cloud technology.**
11. Is a disaster recovery plan in place? **Yes. Recovery is through the Cloud and assisted by Tech4Life.**
12. Are personnel authorization accesses reviewed for reasonableness? **Yes.**
13. Is the listing of all passwords kept secure? **Yes.**