

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Finance Council of St. John the Baptist Catholic Church of Menasha and St. Therese of the Little Flower, Inc.

We have performed the procedures enumerated below, which were agreed to by St. Therese of the Little Flower, Inc., solely to assist in evaluating the financial controls at St. John the Baptist Catholic Church of Menasha as of April 30, 2020. The finance council is responsible for the financial management of the Parish. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

AGREED-UPON PROCEDURES AND FINDINGS

1. Review the Parish's internal controls and make follow-up inquiries as necessary. We will not test or perform any follow-up procedures.

Findings and Recommendations: We noted several areas for improvement when reviewing internal controls with Parish personnel.

- We noted the Parish does not use pre-numbered vouchers when distributions are made from Petty cash. We also noted, when someone needs petty cash they go into the vault and take what they need. That person initials a notebook that is kept with the petty cash and notes how much cash they took. We recommend always having two people be involved in petty cash transactions. We also recommend the Parish use pre-numbered vouchers for all petty cash distributions.
- We noted the Parish does not use pre-numbered, single use, tamper evident plastic collection bags for mass collections. Currently, the Parish uses blue bank bags but they are not locked. We recommend the Parish use pre-numbered, single use, tamper evident, plastic collection bags for mass collections.
- When Scrip is sold at the Parish office or after masses, receipts are not issued. We recommend the Parish issue triplicate receipt forms when money is received for Scrip purchases in accordance with Diocesan policies.
- We noted there is no dollar limit on the amount of Scrip inventory the Parish can hold. Diocesan policy states a reasonable dollar limit should be set for Scrip inventory and should be monitored periodically. We recommend the Parish establish a Scrip policy and not hold more than two weeks of Scrip sales in inventory at one time.
- Checks written from Scrip bank accounts do not require two signers. We recommend there be two signers on all checks in accordance with Diocesan policies.
- The Finance Council does not review Scrip activity. They review the entity-wide Profit and Loss and Scrip revenue is reported on that report, but they do not specifically review Scrip activity. We recommend the Finance Council review Scrip activity at all meetings.
- When the Parish receive bequests, they fill in mass intentions where needed. This may require them to accept mass intentions for more than one year in advance. We recommend the Parish not accept mass intentions for more than one year in advance.

- Per our discussion with Pastoral and Finance Council members, we noted these committee members do not know where Pastoral and Finance Council meeting minutes are kept. We recommend all minutes be archived at the Parish office and council members should be aware of this.
 - Per our discussion with Pastoral and Finance Council members, we noted these groups do not meet to set goals for Parish budgets. Policy states Finance Council oversees the creation of an annual budget in accordance with the mission, goals, priorities and plans as recommended by the Pastoral Council and approved by the pastor. We recommend the Pastoral Council and Finance Council collaborate to create the annual budget for the Parish.
 - Per our discussion with Pastoral and Finance Council members, we noted balance sheet information is not provided in the Annual Financial Report for Parishioners. We recommend all financial information, including balance sheet information be included in the Annual Financial Report to Parishioners.
 - Per our discussion with Pastoral Council members, they typically meet monthly but did not meet for 7-9 months from 2019 to the beginning of 2020. We recommend the Pastoral Council meet at least monthly.
 - Per our discussion with Pastoral Council members, new members have not been selected to serve on the council in the correct way. Per Diocese of Green Bay Policy, Pastoral Council members should be elected to serve on the council. However, for the most recent council members, public voting was not held for elections. We recommend once a new member is approved, at an appropriate public Parish event, the names of potential members are selected by lot in accordance with Diocesan policies.
 - Per our discussion with Pastoral Council members, we noted Father, Deacon, and the Business Manager are members of the Pastoral Council and do have voting rights at meetings. We recommend no Parish employees or their immediate family members serve as members on the Pastoral Council in accordance with Diocesan policies. Employees may attend the Pastoral Council meetings but cannot be a member of the council.
 - Per our discussion with Pastoral and Finance Council members, St. John's Secretary Trustee is the mother of the Chairperson of St. John's Finance Council. We recommend, in accordance with Diocesan policies, only one immediate family member serve on either the Finance Council or Pastoral Council at the same time.
 - Per our discussion with Finance Council members, we noted the Parish does not have a 3-5 year fiscal plan prepared in cooperation with the Pastoral Council. We recommend the Finance Council creates a 3-5 year plan for the operation of the Parish in accordance with the mission, goals, priorities and plans of the Parish, as recommended by the Pastoral Council.
2. Review the Finance Council minutes and Pastoral Council minutes for the past 12 months for any notable items. Also, review the published annual financial information provided to Parishioners in the bulletin or church newsletter and compare to actual results.

Findings and Recommendations: We were unable to review minutes of the Finance Council meetings as minutes were not taken. We noted the Business Manager runs the Finance Council meetings. We also noted Parishioners received a statement of revenue and expenses printed directly from the general ledger, a balance sheet was not included. We recommend that minutes are taken at every Finance Council meeting. Finance Council meetings should be led by the Chairperson of the Finance Council, not the Business Manager. We also recommend the Parishioners are provided with a balance sheet from the general ledger of the Parish.

3. Examine all bank reconciliations, investment statements, and petty cash reconciliations for one month. Reconciliations will be evaluated for reasonableness and obvious deficiencies.

Findings and Recommendations: We reviewed bank reconciliations, investment statements, and petty cash reconciliations for the month ended February 29, 2020. We noted individual bank and investment accounts are split into several balance sheet accounts. We recommend there only be one balance sheet account per bank or investment account.

4. Review collection envelopes for one weekend mass and compare total on collection sheet to total of collection envelopes. Trace to the deposit slip, bank statement, and general ledger.

Findings: No findings. We reviewed collection envelopes from January 19, 2020 noting the total of the collections envelopes and count sheets agreed.

5. Review supporting documentation for two cash receipts; agree deposits to the bank statement and general ledger.

Findings: No findings. We randomly selected a sample of two cash receipts from June 2019, September 2019, February 2020, and April 2020. All cash receipts had proper supporting documentation and amounts agreed to the bank statement and general ledger.

6. Scan cash disbursements for all accounts for a three month period. Randomly select a sample of ten disbursements to review supporting documentation. If exceptions are noted, an additional five disbursements will be selected.

Findings: No findings. We selected our sample from the months of September, October, and November 2019. There was proper documentation for all cash disbursements selected.

7. Observe the most recent Internal Revenue Service (IRS) Form 1099's prepared for any misclassification between employee and independent contractor.

Findings: No findings. We reviewed the 2019 Form 1099's, no misclassifications were noted.

8. Observe and reconcile the Internal Revenue Service (IRS) Form 941's (4 quarters) and W-3 for the most recent filing and verify they were filed timely.

Findings and Recommendations: We were able to agree the IRS Form 941's to Form W-3 for 2019, and reconcile the IRS Form 941's to quarterly payroll reports. However, we were unable to verify timely filing for the first quarter Form 941 as the form was not dated. We recommend ensuring the IRS Form 941's are dated on the date they are filed.

9. Haphazardly select 40% of employees, not to exceed 10 employees, and review timesheets and payroll calculations for one payroll. Our sample will include any employee(s) associated with the payroll function. We will review for accuracy and trace payroll tax payments for timeliness.

Findings: No findings. We reviewed the January 10, 2020 payroll for nine employees noting the timesheets agreed to the payroll and the tax payments were made timely.

10. Review two employee personnel files for I-9 and W-4 information.

Findings and Recommendations: We reviewed the W-4 from two employee personnel files noting both were appropriately completed. However, one I-9 form was not signed by the employer. We recommend the Parish ensure they are completing their portion of the I-9 forms.

11. Review Scrip inventory reconciliation and agree to the general ledger. Select five transactions to ensure Scrip sales, costs of sales, and inventory changes are being recorded properly and the inventory amount complies with dollar limits set by the Scrip Committee.

Findings and Recommendations: We were able to agree the Scrip inventory reconciliation as of April 30, 2020 to the general ledger. We also noted the Parish keeps enough Scrip on hand for more than a full month of sales. We selected three sale transactions and two purchase transactions for Scrip and noted the transactions are not recorded properly. We noted the balance sheet shows two Scrip inventory accounts, one for St. Mary and one for St. John the Baptist, but only the balance for St. Mary is adjusted. We recommend the Parish create a Scrip Committee to monitor Scrip and create policies that are in agreement with Diocesan policies. The amount of Scrip on hand should be kept to a reasonable amount, such as one to two weeks of sales. Scrip transactions should be recorded in the general ledger in accordance with Diocesan policies. We also recommend the Scrip Inventory accounts for St. Mary and St. John the Baptist be combined into one balance sheet account or kept separate and Scrip activity be recorded separately for each Parish.

12. Review the mass intentions reconciliation and compare to the mass intention calendar. Document number of uncelebrated masses.

Findings and Recommendations: We noted the Parish is reconciling the mass intentions calendar to the general ledger balance and we viewed a completed reconciliation. However, we were not able to trace the general ledger balance as of the reconciliation date from the calendar. Therefore, we were not able to verify the reconciliation was completed accurately. We also noted the Parish accepts mass intentions for more than one year in advance. We recommend noting the payment dates in the calendar to better track and reconcile mass intentions. We also recommend the Parish follow Diocesan policy and not accept mass intentions for more than one year in advance.

13. Select a sample of five billings for religious education fees to ensure approved rates were charged.

Findings: No findings. We noted families paid the approved rate on the registration form for religious education fees.

14. Select a sample of five billings for school tuition to ensure approved rates were charged.

Findings: No findings. The school is a separate entity.

15. Inquire about internal controls related to cemetery activity.

Findings: No findings. We inquired of the Bookkeeper and the Cemetery Manager, and we noted each cemetery has a committee. Also, all records for the Cemetery, including plot maps, certificates of easement, burial cards, and accounting records, are kept in the Parish office, and the Cemetery's accounting records are included with the Parish's financial information. Thirty percent of the revenue collected from the sale of burial space is designated as perpetual care with the remainder allocated to Cemetery operations, in accordance with Diocesan Policy.

16. Select 1-2 plot purchases for St. John the Baptist's Cemetery during the year. Verify amount received agrees with cemetery records for sale of burial space. Trace amount received to verify proper allocation of burial space revenue and perpetual care investment.

Findings: No findings. We were able to agree the amount received with cemetery records for the two plot purchases reviewed. Amounts received were properly allocated between burial space revenue and perpetual care investment.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial management. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Finance Council of St. John the Baptist Catholic Church of Menasha and St. Therese of the Little Flower, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

HAWKINS ASH CPAS, LLP



Green Bay, Wisconsin
July 17, 2020