

**Catholic Charities  
Board of Directors  
Minutes of the Meeting of November 30, 2017**

**Members Attending:** Rhonda Carretero, President; Vi Le, Vice President; Mike Sterkel, Secretary-Treasurer; Bob Bates; Connie Burnett; Randy Calvert; Abe Castillo; Deacon Tony Crispo; Ray Haeefe; Jerry Krittenbrink; Maria Wallace; Charles Swartz, OU Board Fellow

**Members Absent:** Most Reverend Paul Coakley, Chairman; Tom Casso; David Madigan; Reverend John Metzinger; Reverend Rick Stansberry; Kathy Williams

**Others Present:** Bart Ferrell; Jane Moon; Patrick Raglow; Chelsea Rose

**Pre-Meeting Presentation**

At 11:45 a.m., before the regular meeting opened, Community Engagement Coordinator Chelsea Rose presented an overview of "A Very Giving Christmas," the agency's project in collaboration with Sunbeam Family Services to provide Christmas gifts to families in need. On Dec. 15, board members are invited to an evening reception with Sunbeam board members to tour the project's St. Nick Shoppe and help restock the shelves with gifts for the families.

**Call to Order/Determination of Quorum**

Rhonda Carretero called the meeting to order at noon and Deacon Tony Crispo led the opening prayer. Members recited the mission statement. It was determined that a quorum was present.

**Consent Agenda**

Maria Wallace moved that the minutes of the meeting of Oct. 26, 2017, be approved as submitted. Ray Haeefe seconded the motion and it was approved unanimously.

**Committee Reports**

Finance Committee

*October Financial Report*

Senior Director of Administration Bart Ferrell presented the October Financial Report. Discussion highlights are below:

- \$500,000 was paid toward the Parish Deposit and Loan Fund (PDLF) construction loan for the Classen building, leaving a loan balance of about \$533,000 and about \$433,000 in the Capital Campaign checking account. Therefore, the loan will be paid in full as soon as the next \$100,000 is collected.
- Operating Cash increased about \$315,000 in October primarily due to Annual Appeal receipts.
- As of Nov. 25, the 2017 Annual Appeal had generated slightly more than \$2,100,000 in cash, pledges and recurring electronic payments. This is more than had been received in the 2016 Annual Appeal on the same date last year. The appeal goal is \$2,650,000 by the end of the fiscal year on June 30. Typically, about \$350,000 in new gifts is received in December and another \$250,000 is received between January and June. Staff is optimistic about the appeal's outcome and is pleased with the progress to date.
- Catholic Charities received a \$75,000 grant from the Oklahoma Bar Foundation to assist with immigration outreach in rural areas. The funds will enable a current staff attorney to visit rural areas to give presentations and have initial consultations with clients.
- The \$192,000 due to United Way of Central Oklahoma for the final 2013 Tornado Disaster grant settlement was paid in October. Although Catholic Charities is still working the final cases from the 2013 disaster, it is able to do so with Catholic Charities USA funds, so the remaining United Way grant funding was returned to United Way. Staff expects to close out all remaining 2013 disaster cases in December.
- The \$438,549 net surplus for October includes \$146,000 in unrealized market gains in investments.
- Bart Ferrell noted October's year-to-date Actual Net Surplus of \$472,746 compared to the year-to-date Budget Net Deficit of \$226,104. Much of this variance is due to the recent change to accrual accounting for Annual Appeal revenue instead of the budgeted monthly amortization. Actual appeal revenue has always been high in October immediately following the September parish campaign, however in past years, the monthly amount for the first six months was budgeted based upon 1/12 of the projected goal, and then the monthly budget amount for the last six months was adjusted in January based upon actual cash and pledges received as of Dec. 31. The change to accrual accounting was implemented after this year's budget was approved and has thus resulted in the temporary high variance, but staff expects a budget deficit to return after December as appeal revenue levels out.

### Audit Committee

#### *Review and Approval of 2016-17 Audit Report*

Randy Calvert presented the final 2016-17 Audit Report for the board's review. He complimented the work of staff and auditors in the quality and timeliness of the report, noting that very few adjusting entries were needed. Other highlights are as follows:

- No A-133 compliance audit was required in 2016-17 because Catholic Charities administered only \$613,447 in federal funding which is below the \$750,000 minimum required to trigger an A-133.
- The audit contains an unmodified or "clean" opinion, meaning that the financial statements are free of material misstatement.

- Although the report provides comparative numbers for 2016 and 2017, it is difficult to adequately compare the two years, because of two unique factors in 2016: (1) grant funding for disasters, which are winding down as cases are closed, and (2) revenue and expenses related to construction of the new Oklahoma City building.

After discussion, Jerry Krittenbrink moved that the board approve the 2016-17 Audit Report. Connie Burnett seconded the motion and it was unanimously approved.

### *Management Letter*

Randy Calvert reviewed the auditor's Management Letter that was included in the meeting packet, and he explained that the purpose of the letter is to identify any deficiencies in internal controls that could result in a loss of assets or missed reporting on the accounting records. Auditors found no "material weakness," which means a deficiency leading to a reasonable possibility that a material misstatement of financial statements will not be prevented or detected and corrected in a timely way. However, they did identify a "significant deficiency," which is less severe than a material weakness, but important enough to receive attention from the board.

The significant deficiency concerned the transfer of the former Finance Director to the position of Director of Donor and Grant Administration. In the transition period, the former Finance Director retained some log-on credentials that she used while training the new Finance Director. The former director had been immediately removed from the more sensitive software applications, such as access to cash and payroll, but both individuals temporarily had the same access to the computer accounting system, creating potential for errors or fraud to go undetected. Although management intentionally allowed the temporary dual access for training purposes only and the former director's actions were always monitored by others, the agency now recognizes that a potential threat still existed, and board members expressed gratitude that auditors pointed out the deficiency.

The Audit Committee drafted the "Management's Response" to the auditor's letter, and the draft was distributed to the board for approval. It read as follows:

For a limited time, the former Director of Finance had credentials that allowed her to simultaneously log on to some accounting applications and some Donor and Grant Management software applications. The accounting applications did not include payroll or cash accounts. This dual access occurred during a six-month training period. During this period, the former Director of Finance was training the new Director of Finance. At the same time, the former Director was receiving instruction on her new position as Director of Donor and Grant Management. After the end of the year, management and auditors confirmed the log on credentials on all applications had been changed to completely segregate all incompatible duties. Management had other mitigating controls in place during the training period. Management terminated the former Director of Finance's access to cash and payroll accounts, and other individuals monitored her activities. Management has now changed the on-boarding checklist and termination checklist for employees joining, leaving, or transferring jobs in the

organization. The new procedures ensure log on credentials are changed to avoid any incompatible duties, even on temporary basis.

After review, board members requested no changes to the wording in the draft, but did ask that it be divided appropriately into several paragraphs. Bart Ferrell said he would ensure that auditors make that requested formatting change before final publication of the document.

Randy Calvert then moved that the Management's Response be approved with the requested division into multiple paragraphs. Maria Wallace seconded the motion and it was unanimously approved.

#### Executive Committee

Rhonda Carretero reported that the Executive Committee met via email on Nov. 14 to review and approve in time for the Nov. 17 deadline the completed 2017 application requesting \$25,000 in funding from United Way of Enid and Northwest Oklahoma for the Counseling program and Emergency Rent/Utility Assistance in Catholic Charities' Enid Regional Service Location. Minutes of the Executive Committee meeting were included in the board meeting packets. Ray Haefele moved that the full board ratify the Executive Committee approval as stated in the minutes. Deacon Crispo seconded the motion and it was unanimously approved.

#### Governance Committee

Maria Wallace presented the following slate of board officers recommended by the Governance Committee for two-year terms effective on July 1, 2018, through June 30, 2020:

- President                      Vi Le
- Vice President                Ray Haefele
- Secretary-Treasurer        Mike Sterkel

No other nominations were received. The formal election will be held at the Jan. 25 board meeting. All of the above have agreed to accept the term if elected and the Governance Committee will request acceptance of this slate at that meeting.

Board members were reminded to complete and return to Patrick Raglow the Conflict of Interest Disclosure form received in their Oct. 26 meeting packet if they have not already done so.

#### Long-Range Planning Committee

Patrick Raglow announced that Kathy Williams will chair the Long-Range Planning Committee which soon will begin development of the next three-year Strategic Plan. Proposals from strategic-planning consultants are being reviewed, and the committee will begin the planning process in January.

### Facilities Review Committee

Bob Bates reported that the Facilities Review Committee will meet on Dec. 5 to begin a review of all properties owned, leased or otherwise occupied by Catholic Charities. The committee will tour the properties and evaluate how efficiently they meet the needs of Catholic Charities' operations, whether they are being used to their full potential, and if changes are in order. The evaluation will lead to committee recommendations about possible property improvements, sales or acquisitions.

The committee will work with staff to develop a data-driven analytical tool to help rank the properties in way that would be useful to long-range strategic planning. The analysis will include a brief review of the sponsored housing projects of Villa Isenbart, Trinity Gardens and Villanova Apartments, although those properties are managed by Gorman Management Co. and overseen by separate boards of directors.

### Development and Outreach Committee

Ray Haefele reported that there are 800 new Annual Appeal donors this year. Although some long-time donors have yet to give this year, responses to a follow-up mailing are now being received. Additional donor outreach meetings are underway in Guymon, Lawton, Enid and Ardmore.

Catholic Charities board members are invited to join staff and board members from Sunbeam Family Services on Dec. 15 for an evening of restocking shelves in the St. Nick's Shoppe with Christmas gifts for families in need. The volunteer event will be followed by a wine and cheese reception.

### Sponsored Housing

#### *Villa Isenbart/Trinity Gardens*

Jerry Krittenbrink presented a written quarterly status report of operations at Villa Isenbart and Trinity Gardens and offered to answer any questions regarding it. Both properties are operating within budget.

United Way Emerging Leaders will host a dinner dance for Villa Isenbart and Trinity Gardens residents on Dec. 11 at the Oklahoma History Center. Board members are invited to attend.

### **New Business**

#### *Sale Offer for Ardmore Property*

Patrick Raglow reported that a purchase offer has been received for an Ardmore, Okla., property owned by Catholic Charities. He presented a letter from Tom McClure offering to buy Lots 1 through 12 in the Rexroat Addition in Carter County for \$10,000. Catholic Charities never used the property after receiving it in an estate. The undeveloped land is currently vacant, and unknown persons have dumped trash and construction debris on it. Bob Bates has seen the property and estimates it would

cost Catholic Charities about \$15,000 to clean up and clear. The McClure offer, however, does not require such a clean-up. The buyer would incur all costs, and Catholic Charities would net \$10,000.

Randy Calvert moved that the board agree to accept the McClure offer and sell the Ardmore property for \$10,000 by quitclaim deed. Abe Castillo seconded the motion and all approved.

*Proposal to Change from BoardMax to Emailed Packet Distribution*

After feedback from committee, board and staff members, Patrick Raglow proposed that the agency not renew its subscription to the BoardMax software as the distribution method for committee and board packets. After nearly two years of use, although BoardMax saved on postage costs, that savings was not offset by the cost of the subscription. In addition, most members have indicated that they prefer simple paper copies of the packets rather than signing in to the BoardMax system to view them. Staff has proposed that packet materials be distributed by email as PDF attachments instead of being uploaded to the BoardMax system.

While most board members agreed that the current system can be difficult to use, they expressed concern that simple email distribution might not ensure confidentiality as well as the secure BoardMax site. Staff will explore the possibility of using Catholic Charities' secure Office 365 SharePoint portal for storing and distributing board information. Meeting packets will be sent by BoardMax until an alternative system is developed.

## **Old Business**

*Status of Proposed Changes to Accounting Policies/Procedures*

Bart Ferrell reported that a Request for Proposal regarding banking services soon will be sent to several banks. The deadline for proposals will be Dec. 1-20. Proposals will be evaluated throughout January, with Q&A meetings to be held in February and implementation set for March or April.

*Status of Columbia Square Inc. – Limited-Partner Buyout Option*

Patrick Raglow reported that the Board of Directors of Columbia Square Inc., which oversees Catholic Charities' Villanova Apartments in Lawton, continues to work with Gorman Management Co. toward an agreement with Enterprise, Limited Partner. It appears that Catholic Charities may be able to become full owner with an indemnification to Enterprise for the cost of the transaction, assuming the property is well-operated and continues to be operated as affordable housing for low-income families. It may be possible for Catholic Charities to fund the transaction costs and reimburse itself through the operating reserves of the property.

## **Executive Director's Report**

In addition to his written report to the board, Patrick Raglow announced the following:

- The Green Tie Gala is set for Feb. 24. Michael Milligan, former Secretary-Treasurer of the board, will be honored as Green Tie Gala Ambassador, and Maguire O'Hara

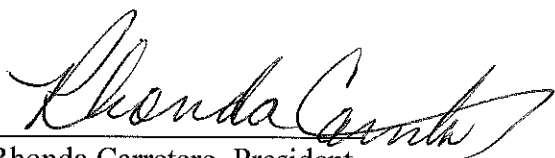
Construction Co. will receive the Mosaic Award as the outstanding business supporter of the year.

- Catholic Charities' recently restructured Adoption services scored 100% in its audit this month.
- Continued low numbers of refugee arrivals could result in reductions to the Refugee Resettlement program. Catholic Charities is monitoring developments at the federal level and will prepare to restructure the agency program if necessary.
- Sanctuary Women's Development Center in Norman placed 28 women in permanent housing this quarter. The Sanctuary in Oklahoma City now has a new assistant director. Both centers hosted Thanksgiving dinners for their clients and both are planning Christmas luncheons as well.
- In December, Patrick Raglow will be inducted into the Alumni Hall of Fame of his alma mater, Cardinal Stritch Catholic High School in Ohio.

### President's Remarks

Rhonda Carretero reminded board members that their next meeting will be held at Trinity Gardens, 3825 N.W. 19<sup>th</sup> St., Oklahoma City, on Thursday, Jan. 25. It will begin at **11 a.m.** with the Annual Corporation Meeting of 3825 N.W. 19<sup>th</sup> Inc. (Trinity Gardens), followed at **11:15 a.m.** by the Annual Corporation Meeting of Villa Isenbert Inc. Lunch will be served at **11:30 a.m.** and the regular Catholic Charities board meeting will open at **noon**. It is crucial that all Catholic Charities board members attend these brief Trinity Gardens and Villa Isenbart meetings to ensure a quorum for the annual business of those corporations.

The meeting was adjourned at 1:15 p.m. with the Lord's Prayer.



Rhonda Carretero, President

1-25-2018  
Date