

Nassau Presbyterian Church  
Report of the Audit Committee  
September 26, 2023

Starting on September 12, 2023 and continuing for several days members of the Audit Committee met with the Business Administrator to review the fiscal years ending May 31, 2023. As is customary, the areas of responsibility and review were distributed among the Committee members.

Components of Review

Audit Principles: In accordance with the Constitution of the Presbyterian Church USA Book of Order, books and financial records of the Church and its organizations should be audited by either certified public accountants or an appointed Audit Committee, the membership of which should not include the Treasurer or Financial Secretary of such Church.

The Audit Committee members discussed specific areas for examination and review. The Committee does not perform a financial audit of the Church's books and records, but rather conducted a review and examination of the Church's financial records and related procedures, as described below.

1. Revenue and Banking: A sample of deposits, withdrawals and transfers was reviewed. The Committee checked the statements for the Church's bank accounts with PNC and Amboy Bank. All deposits, receipts, transfers, payments and withdrawals were well documented and in good order. Numbers were reconciled as appropriate. No abnormalities or anomalies were identified. The process for accepting, processing and posting deposits was reviewed, and no anomalies were identified. The Committee also checked a sample of relevant money market funds and investment accounts, and all were in order. The committee commends the involvement of regular volunteer to provide independent review of the monthly bank statements. The committee recommends reinstatement of a prior practice (discontinued because of Covid) where a volunteer would observe and verify the cash deposits from the weekly offerings.
2. Disbursements: Disbursements and payments to a random selection of vendors and contractors were reviewed. Both church and cemetery vendors/contractors were included. All disbursements appeared to be in order and properly documented. The Committee also selected samples of the Church's credit card statements to review. We reviewed those statements and the accompanying receipts and other backup documentation for items on the statements. The receipts and other documentation were reconciled to the sample statements. Receipts were properly documented and submitted. No anomalies were identified.
3. Real Estate: The survey, deed and conveyance letter were reviewed and found in good order. The audit committee considered a suggestion to have a formal inspection of the building, but after consultation with some of the session building committee it seems that this is not necessary at this time.
4. Insurance: The Church's insurance policies were reviewed. The Committee believes the Church has in place appropriate insurance coverage with appropriate limits. However, in light of recent substantial increases in construction costs (labor, materials and equipment, etc.), the Committee recommends that the coverages and limits of these policies be reviewed to ensure they are sufficient. This is a repeated recommendation from last year, and seems warranted based on current economic trends. The documentation indicated the Church is up to date on all insurance premium payments.
5. Cemetery Funds: As a part of the Committee's review of the Church's accounts and records, a sample of records relating to the revenues, disbursements and cash flow for the Princeton Cemetery was

reviewed. Documentation provided to the Committee indicates that records are well kept and accurate, including with respect to the flow of funds to the Maintenance and Preservation Account as required by the State of New Jersey. No anomalies or deficiencies were identified. The committee reviewed the financial statements related to these funds, but the committee defers to the finance committee regarding the investment policies and communication with the asset managers.

6. Payroll/Contracts: The Committee selected and reviewed a sample of payroll documents for certain employees. Compensation payments match all appropriate files such as offering letters executed by the Church and the relevant employees. Any overtime payments are clearly documented. No anomalies were identified. The committee notes that while the current staffing levels are adequate, there is very little redundancy such that the impairment of a single individual (business administrator or cemetery caretaker) would make ongoing operations challenging. The business administrator has an ongoing project to review and update the procedure manuals so as to facilitate any unexpected transition activity.
7. Financial Policies: The Committee reviewed the Church's Financial Policies, which were approved by the Session on November 21, 2013. The Committee believes the Financial Policies are in good order. The Committee again recommends that the Church's records retention policy be examined and revised as appropriate, particularly as the records are increasingly kept only in digital format. The committee did note the number of restricted funds. Expenditures in the funds seem to be properly controlled, but the number of different funds creates some administrative headaches, and the committee suggests that funds be depleted or consolidated when the relevant covenants allow for that.

### Findings and Conclusions

The Committee believes the Church's business operations are functioning at a high level of accuracy and efficiency. No material deficiencies or anomalies were identified. The Audit Committee thanks the members of the Church office staff, particularly Linda Gilmore, for their professionalism and assistance during the course of the Committee's examination.

Respectfully submitted,

2023 Audit Committee

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