

SAN BRUNO

Community Foundation

Audit Committee

Raul Gomez, *Chair* • Malissa Netane-Jones, *Member*

Leslie Hatamiya, *Executive Director*

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Audit Committee

October 18, 2019

3:00 p.m.

Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 101, San Bruno

1. **Call to Order:** Committee Chair McGlothlin called the meeting to order at 3:04 p.m.
2. **Roll Call:** Committee Members McGlothlin and Bohm, present.
3. **Public Comment:** None.
4. **Approval of Minutes:** October 23, 2018, Special Meeting: Committee Member Bohm moved to approve the minutes of the October 23, 2018, Special Meeting, seconded by Chair McGlothlin, passed unanimously.
5. **Conduct of Business**
 - a. Review Report from Novogradac & Company LLP on Audited Financial Statements for Year Ended June 30, 2019

The Committee discussed the Audited Financial Statements for the Year Ended June 30, 2019, that were prepared by the team of auditors from Novogradac & Company LLP headed by Lance Smith, CPA. Participating by teleconference, Mr. Smith thanked Executive Director Leslie Hatamiya and Accounting Consultant Frank Bittner for their work preparing for the audit and said his firm is planning to issue an unmodified, clean opinion of the Foundation's financial statements. He said the audit process went very smoothly. He noted a positive change in assets based on investment income, an increase in program expenses corresponding with an increase in grants awarded, and an increase in grants payable, as several of the larger grants are being paid out over time.

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Mr. Smith noted two new additions to this year's statements due to changes in reporting standards. First, there are new designations for Net Assets on the Statement of Financial Position: "without donor restriction" and "with donor restriction." Second, there is a new note required of all nonprofit audits on liquidity and the availability of financial assets. He noted that he did not expect any significant reporting changes to take place in 2020. Mr. Smith said that Novogradac would issue its standard letter (AU-C 260) to accompany the audited financials and reported a clean set of books with no major difficulties or misstatements/misclassifications. He said that his team intends to have a draft of the Foundation's tax returns prepared by the end of October and confirmed that he would be at the November 6 Foundation Board meeting.

In discussing the audited financial statements, Mr. Bittner, who participated in the meeting by phone, noticed that the liquidity disclosure included grants payable but not scholarships payable. Mr. Smith agreed that in the spirit of full disclosure accrued scholarships payable should also be included and said his team would produce a final draft with scholarships payable included in the liquidity disclosure.

Chair McGlothlin and Committee Member Bohm thanked Mr. Bittner for his work closing the 2018-2019 accounting books and preparing for the audit; they also thanked Mr. Smith and his team for their work on the audit.

- b. Review Request for Proposals for Audit and Tax Preparation Services and Provide Direction to Executive Director on Next Steps in the Auditor Selection Process

Executive Director Hatamiya explained that under the Foundation's Fiscal Policies and Procedures the Board must issue a Request for Proposals for Audit and Tax Preparation Services prior to the next audit, as the Foundation has been using the same auditor for the past five years, and presented to the Committee the draft RFP that she prepared. Committee members reviewed and discussed the draft RFP, requesting no changes to the draft. Ms. Hatamiya also shared a list of potential certified public accounting firms with nonprofit audit practices to whom she planned to send the RFP. The Committee directed Ms. Hatamiya to proceed with her plan to present the RFP to the Foundation Board of Directors at its November 6, 2019, meeting, distribute the RFP by mid-November, and set a January 15, 2020 deadline for proposals.

6. Committee Member Comments: Chair McGlothlin thanked Committee Member Bohm, who is retiring from the Board at the end of 2019, for her service on the Committee and expressed that he has deeply valued her perspective and experience as a nonprofit executive on the Committee.

7. Adjourn: Committee Member Bohm moved to adjourn the meeting at 4:31 p.m., seconded by Chair McGlothlin, approved unanimously.

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Respectfully submitted for approval at the Special Audit Committee Meeting of January 27, 2020, by
Audit Committee Chair Raul Gomez.



Raul Gomez, Audit Committee Chair