

SAN BRUNO

Community Foundation

Audit Committee

John P. McGlothlin, *Chair* • Patricia Bohm, *Member*
Leslie Hatamiya, *Executive Director*

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Audit Committee

October 25, 2016

9:00 a.m.

Meeting Location:

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

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- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Minutes:** April 20, 2016, Special Meeting
- 4. Conduct of Business**
 - a. Review Report from Novogradac & Company LLP on Audited Financial Statements for Year Ended June 30, 2016
- 5. Public Comment:** Individuals are allowed three minutes, groups in attendance, five minutes. If you are unable to remain at the meeting, contact the President to request that the Board consider your comments earlier. It is the Board's policy to refer matters raised in this forum to staff for research and/or action where appropriate. The Brown Act prohibits the Board from discussing or acting upon any matter not agendaized pursuant to State Law.
- 6. Adjourn**

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Audit Committee

April 20, 2016

3:00 p.m.

Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 113, San Bruno

1. **Call to Order:** Committee Chair McGlothlin called the meeting to order at 3:14 p.m.
2. **Roll Call:** Committee Members McGlothlin and Bohm, present.
3. **Approval of Minutes:** February 4, 2016, Special Meeting: Committee Member Bohm moved to approve the minutes of the February 4, 2016, Special Meeting, seconded by Chair McGlothlin, passed unanimously.

4. Conduct of Business

- a. Discussion of Preparations for 2016 Audit with Novogradac & Company

The Committee discussed preparations for the 2016 audit, to be conducted by Novogradac & Company. Lance Smith of Novogradac attended the meeting in person, and Accounting Consultant Frank Bittner participated in the discussion by telephone. The Committee expressed to Mr. Smith its appreciation for the Novogradac team's support in completing the 2015 audit and tax returns by the November 15 deadline for the tax returns, its intent to meet the November deadline again this year, and its desire to have a closing meeting between the Audit Committee and the Novogradac team in late October, prior to presentation of the final audit report to the Foundation Board of Directors at the November 2 Board meeting.

The Committee, staff, and Mr. Smith agreed to the following timeline for the audit process:

- By September 6: Staff will electronically provide the Novogradac team with all requested documents listed in Attachment A to the engagement letter
- By October 18: The Novogradac team will send draft audited financial statements to staff
- By October 20: Staff will review the draft financials and share them with the Committee

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- October 25, 9:00 a.m.: Audit Committee will hold a special meeting to discuss the audit report with the Novogradac team
- November 2: Mr. Smith will presented the audited financial statements to the Foundation Board

The Committee also discussed with Mr. Smith the engagement letter he sent to the Board regarding the firm's audit and tax preparation services, including fees. The Committee asked the Executive Director to include on the next Board meeting's consent calendar a resolution authorizing the Board President to sign a contract with Novogradac to provide audit and tax preparation services for the fiscal year ending June 30, 2016.

5. Public Comment: None.

6. Adjourn: Committee Member Bohm moved to adjourn the meeting at 4:04 p.m., seconded by Chair McGlothlin, approved unanimously.

Respectfully submitted for approval at the Special Audit Committee Meeting of October 25, 2016, by Audit Committee Chair John McGlothlin.

John McGlothlin, Audit Committee Chair

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Memorandum

DATE: October 21, 2016

TO: Audit Committee, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Review of Report from Novogradac and Company LLP on Audited Financial Statements for Year Ended June 30, 2016

Article XIII, Section 4, of the San Bruno Community Foundation's Bylaws states that the Foundation "shall retain an[] independent auditor and conduct annual independent audits (commencing with Section 12586(d) of the California Government Code).")." As authorized by the Board on May 4, 2016, the Foundation is using, for the second consecutive year, Novogradac & Company LLP, a national certified public accounting firm, to conduct the audit of the Foundation's financial statements for the year ended June 30, 2016, and to prepare the Foundation's annual federal and state tax returns. Engagement partner Lance Smith is again heading up the Novogradac team assigned to the Foundation.

In August, Accounting Consultant Frank Bittner and I began preparing the financial reports and documentation Novogradac requested to begin work on the audit. We submitted all of the requested materials by the September 6 deadline. Since then, the Novogradac team examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls. Mr. Bittner and I have responded to several follow-up requests for additional information from the Novogradac team.

The Novogradac team provided a draft of the audited financials on October 14, which Mr. Bittner and I review and which I shared with the Committee on October 18. I then communicated the collective comments of staff and Committee members to the Novogradac team on October 21.

On October 25, 2016, the Committee will meet to discuss the draft financials with the Novogradac team including Mr. Smith, who will participate by telephone. I anticipate that Novogradac will provide updated draft financials responsive to the staff and Committee member comments prior to the meeting. The Committee will also speak with Mr. Smith about his preparations for presenting the audited financials to the Board at its November 2, 2016, meeting.