

SAN BRUNO

Community Foundation

Board of Directors

Nancy A. Kraus, *President* • John P. McGlothlin, *Vice President* • Emily Roberts, *Secretary* • Ben Cohn, *Treasurer*
Patricia Bohm • Frank Hedley • Regina Stanback Stroud
Leslie Hatamiya, *Executive Director*

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Board of Directors

September 2, 2015
5:30 p.m.

**Meeting Location: San Bruno City Hall, Conference Room 115,
567 El Camino Real, San Bruno**

In compliance with the Americans with Disabilities Act, individuals requiring reasonable accommodations or appropriate alternative formats for notices, agendas, and records for this meeting should notify us 48 hours prior to meeting. Please call the City Clerk's Office at 650-616-7058.

1. Call to Order/Welcome

2. Roll Call

3. Executive Director's Report

4. Conduct of Business

- a. Adopt Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradec & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2014-2015 for an Amount Not to Exceed \$6,300

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

SAN BRUNO

Community Foundation

Memorandum

DATE: September 1, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Executive Director's Report

As I reported to the Board at the August 24, 2015, special meeting, I have begun investigating options for retaining outside nonprofit counsel to provide legal advice on nonprofit law issues that may arise in the Foundation's work. The need for outside nonprofit counsel has become urgent as the Ad Hoc Committee on Program Strategy Development develops the program strategy framework document that will be presented to the full Board on September 14, 2015, and then to the San Bruno City Council on September 22, 2015.

Based on my experience in working with nonprofit counsel and references received from several other nonprofit executive directors, I have engaged with the NEO Law Group in San Francisco to provide nonprofit legal counsel on the program strategy framework document. NEO is a small, boutique law firm that provides corporate, tax, and charitable trust law counsel to nonprofit and tax-exempt organizations. NEO's managing attorney is Gene Takagi. At NEO, Mr. Takagi has represented more than 400 nonprofit organizations a range of nonprofit law matters. He is also in demand as a writer and speaker on nonprofit law issues; he is the contributing publisher of the Nonprofit Law Blog, is a regular contributor to Tony Martignetti Nonprofit Radio, and has been published by The Chronicle of Philanthropy, The Nonprofit Times, The Nonprofit Quarterly, Taxation of Exempts, and ALI-ABA.

Mr. Takagi and his firm are currently in the process of reviewing the draft program strategy framework document that will be presented to the Board for consideration on September 14, 2015. The engagement agreement I have signed with NEO would allow the Foundation to seek legal counsel from NEO on future nonprofit law matters.

Finally, I want to let the Board know that I have finally secured life insurance per the compensation and benefits package I was offered upon hire. Through CalNonprofits Insurance Services, I was able to obtain a 10-year term life insurance policy (benefit equal to my annual salary) with Midland National Life Insurance Company. The quarterly premium is \$58.57 (\$234.28 total yearly premium).

SAN BRUNO

Community Foundation

Memorandum

DATE: September 1, 2015

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradec & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2014-2015 for an Amount Not to Exceed \$6,300

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 a tax-exempt 501(c)(3) public charity, the Foundation is required to submit federal (IRS Form 990) and state (California Form 199) information tax returns as well as the annual registration renewal fee report with the California Attorney General's Office (RRF-1).

On June 29, the Board approved a resolution calling for the use of a single certified public accounting (CPA) firm to conduct the annual audit of the Foundation's financial statements and to prepare the Foundation's tax returns. The Audit Committee also shared with the full Board the Request for Proposal for Audit and Tax Preparation Services (RFP) that the Audit Committee had prepared.

On June 30, I began distributing to various Bay Area CPA firms with nonprofit practices the RFP for Audit and Tax Preparation Services. By the July 31 deadline, SBCF had received proposals from 11 CPA firms; one additional proposal arrived on August 1 (another proposal arrived on August 20 due to an email address error and was not considered with the others).

I provided electronic copies of the proposals to the Committee and requested that Committee Members review the proposals by August 17.

At an August 17 special meeting, the Committee discussed the proposals and selected four finalists for further consideration, including in-person interviews with the Committee. The Committee interviewed representations from the four finalists at a special meeting on August 26 and also conducted reference checks by telephone. The Committee met a final time, on August 31, to discuss the finalists' proposals, share the results of reference checks, and select an accounting firm to recommend to the full Board for approval.

SAN BRUNO

Community Foundation

Memorandum

After considerable deliberation, the Committee recommends that the Foundation engage with Novogradec & Company LLP to provide audit and tax preparation services for fiscal year 2014-2015. Novogradec is a nation certified public accounting and consulting firm headquartered in San Francisco with offices in 19 other U.S. cities. While the firm has an emphasis in the real estate industry, it has a substantial nonprofit practice, and its nonprofit clients range in size from under \$5 million to nearly \$500 million in assets and include community foundations, community development organizations, educational institutes, and health/welfare organizations. Novogradec is structured by industry, and its partners are trained in both audit and tax services specific to the client industry's needs. The Foundation's engagement team would be led by Lance Smith, CPA, who is a partner in the San Francisco office and specializes in audit and tax services for affordable housing partnerships and nonprofit organizations.

Novogradec's proposed fees are \$4,000-\$4,500 for audit services and \$1,800 for tax preparation for fiscal year 2014-2015, with slightly higher fees for fiscal years 2015-2016 and 2016-2017 based on increased financial activity for the Foundation.

I recommend that the Board adopt the attached resolution authorizing President Nancy Kraus to execute a contract with Novogradec & Company LLP for audit and tax preparation services for fiscal year 2014-2015 for an amount not to exceed \$6,300. Because the Board of Directors, as part of its fiduciary duties, is responsible for oversight of the Foundation's accounting functions and the performance of the independent auditor, I believe the contract with the CPA firm should be executed by the president, as the Board's representative, and not the executive director.

Attachment:

1. Resolution Authorizing President Nancy Kraus to Execute a Contract with Novogradec & Company LLP for Audit and Tax Preparation Services for Fiscal Year 2014-2015 for an Amount Not to Exceed \$6,300

RESOLUTION NO. 2015-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
AUTHORIZING PRESIDENT NANCY KRAUS TO EXECUTE A CONTRACT WITH
NOVOGRADEK & COMPANY LLP FOR AUDIT AND TAX PREPARATION
SERVICES FOR FISCAL YEAR 2014-2015 FOR AN AMOUNT NOT TO EXCEED
\$6,300**

WHEREAS, Article XIII, Section 4, of the Bylaws calls for the retention of an independent auditor to conduct an annual audit of the San Bruno Community Foundation's financial statements and records;

WHEREAS, Article VII, Section 5, of the Bylaws establishes an Audit Committee consisting of at least two directors to assist the Board in selecting an independent auditor, negotiate the auditor's compensation, confer with the auditor regarding the Foundation's financial affairs, and review and accept or reject the annual audit;

WHEREAS, the Audit Committee issued a Request for Proposals for audit and tax preparation services to various Bay Area accounting firms with nonprofit practices, reviewed 12 proposals, interviewed four finalists, and conducted reference checks; and

WHEREAS, after much due diligence and consideration, the Audit Committee recommends that the Board of Directors select Novogradec & Company LLP as the accounting firm to provide audit and tax preparation services to the Foundation for fiscal year 2014-2015.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes President Nancy Kraus to execute a contract with Novogradec & Company LLP for audit and tax preparation services for fiscal year 2014-2015 for an amount not to exceed \$6,300.

Dated: September 2, 2015

ATTEST:

Emily Roberts, Secretary

I, Emily Roberts, Secretary, do hereby certify that the foregoing Resolution No. 2015-__ was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 2nd day of September, 2015, by the following vote:

AYES: Board members:

NOES: Board members:

ABSENT: Board members: