

# SAN BRUNO

## Community Foundation

*Audit Committee*

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

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### AGENDA

#### SAN BRUNO COMMUNITY FOUNDATION

#### Special Meeting of the Audit Committee

**February 4, 2016**

**4:00 p.m.**

**Meeting Location:**

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

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**1. Call to Order**

**2. Roll Call**

**3. Approval of Minutes:** August 31, 2015, Special Meeting and November 3, 2015, Special Meeting

**4. Conduct of Business**

- a. Review of 2015 Audit Process
- b. Discussion of Preparations for 2016 Audit

**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

**August 31, 2015**

**4:30 p.m.**

#### **Meeting Location:**

**San Bruno City Hall, 567 El Camino Real, Conference Room #101, San Bruno**

1. **Call to Order:** Committee Chair McGlothlin called the meeting to order at 4:38 p.m.
2. **Roll Call:** Committee Members McGlothlin and Bohm, present.
3. **Approval of Minutes:** August 26, 2015, Special Committee Meeting: Committee Member Bohm moved to approve the minutes of the August 26, 2015, Special Committee Meeting, seconded by Chair McGlothlin, approved unanimously.
4. **Conduct of Business**
  - a. Select Accounting Firm to Provide Audit and Tax Preparation Services to Recommend to the Board of Directors for Approval

The Committee discussed the proposals, interviews, and reference checks for the four finalist accounting firms to provide audit and tax preparation services to the Foundation.

Committee Member Bohm moved to recommend to the Board of Directors the accounting firm of Novogradec & Company LLP to provide audit and tax preparation services for fiscal year 2015-2016, seconded by Chair McGlothlin, approved unanimously.
5. **Public Comment:** None.
6. **Adjourn:** Committee Member Bohm moved to adjourn the meeting at 5:38 p.m., seconded by Chair McGlothlin, approved unanimously.

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Respectfully submitted for approval at the Special Audit Committee Meeting of February 4, 2016, by Audit Committee Chair John McGlothlin.

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John McGlothlin, Audit Committee Chair

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### MINUTES

## SAN BRUNO COMMUNITY FOUNDATION

### Special Meeting of the Audit Committee

**November 3, 2015**

**2:30 p.m.**

#### **Meeting Location:**

**San Bruno Veterans Memorial Recreation Center, 251 City Park Way, Conference Room #2, San Bruno**

- 1. Call to Order:** Committee Chair McGlothlin called the meeting to order at 2:34 p.m.
- 2. Roll Call:** Committee Members McGlothlin and Bohm, present.
- 3. Conduct of Business**
  - a. Review Reports from Novogradac & Company LLP on Audited Financial Statements for Year Ended June 30, 2015

The Committee discussed the Audited Financial Statements for the Year Ended June 30, 2015, that were prepared by the team of auditors from Novogradac & Company LLP headed by Lance Smith, CPA. The Committee also discussed the suggestions made in the audit closing conference call, in which Mr. Lance Smith, Chair John McGlothlin, Executive Director Leslie Hatamiya, and Accounting Consultant Frank Bittner, participated (Committee Member Patricia Bohm was not able to participate since this was not a formally noticed public meeting). The suggestions included having the Treasurer review the bank reconciliations and establishing a formal channel of communication so the Accounting Consultant can contact the Treasurer directly to identify any questionable transactions. During the meeting, the Committee consulted with Mr. Smith and Mr. Bittner by phone.

While the auditors were not asked to issue a management letter regarding internal controls, Chair McGlothlin emphasized the importance of the Board taking the internal control suggestions seriously and of the need for Treasurer playing a more active role in the Foundation's financial activities going forward especially considering the probable increase in financial transactions and funds under the control of the foundation. He said he would offer a motion at the upcoming Board meeting to convene a new ad hoc committee to review the Foundation's internal controls and consider the suggestions that arose out of the discussion with the Novogradac team.

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**4. Public Comment:** None.

**5. Adjourn:** Committee Member Bohm moved to adjourn the meeting at 3:40 p.m., seconded by Chair McGlothlin, approved unanimously.

Respectfully submitted for approval at the Special Audit Committee Meeting of February 4, 2016, by Audit Committee Chair John McGlothlin.

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John McGlothlin, Audit Committee Chair

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### Memorandum

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**DATE:** February 2, 2016

**TO:** Audit Committee, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** Review of 2015 Audit Process and Discussion of Preparation for 2016 Audit

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)." On September 2, 2015, at the recommendation of the Audit Committee, the Board of Directors authorized President Nancy Kraus to execute a contract with Novogradac & Company LLP, a national certified public accounting firm, to conduct an audit of the Foundation's financial statements for the year ended June 30, 2015, and to prepare the Foundation's annual federal and state tax returns. From late September through October, the Novogradac team assigned to our account, which was led by engagement partner Lance Smith, examined the Foundation's financial records, accounts, business transactions, accounting practices, and internal controls. At the end of October, the Novogradac team produced the attached final audit report, which covers the Foundation's finances from August 5, 2013 (inception) through June 30, 2015. Mr. Smith presented the audit report at the November 4, 2015, Foundation Board meeting, and the Board formally approved the audited financial statements.

On February 4, 2016, the Audit Committee, along with Executive Director Leslie Hatamiya and Accounting Consultant Frank Bittner, will do a post-mortem review of the 2015 audit process to discuss what worked well and how the process could be improved for the 2016 audit. The Committee will also discuss preparations for the 2016 audit, including whether the Foundation should renew its relationship with Novogradac or consider other CPA firms.