

**Cabrillo College Foundation
Audit Committee Meeting
Minutes of May 25, 2016**

Present: Pegi Ard, Carrie Birkhofer, David Heald, Laurel Jones, and Barbara Scherer

Absent: Blaine Brokaw, Lee Duffus, Norm Schwartz and Karen Semingson

Staff: Melinda Silverstein and Nancy Machado

Guests: Terri Montgomery, Vavrinek, Trine, Day & Co., LLP

Welcome and Introductions

Public Comment Opportunity: There were no public comments.

Approve October 9, 2015 Audit Committee Minutes:

Motion: MSC:P. Ard to approve and D. Heald to accept Audit Committee Minutes of October 9, 2015 with correction to spelling of Cabrillo College in Cabrillo College Report. David Heald and Carrie Birkhofer abstained.

Review 2014-15 Audit

Ms. Montgomery reviewed the 2014-15 Board Communication Letter. There were no significant issues encountered during the audit and there were not any findings. Ms. Montgomery discussed the summary of unadjusted differences for the year ended June 30, 2015. It is the policy of the Cabrillo College Foundation to record pledges at 100% of the pledge amount. Like many other non-profits, the Cabrillo College Foundation does not discount pledges for the time value of money. For 2014-15, the time value of money discount on pledge receivables not recorded was \$53,936 representing less than 1% of the total assets, therefore, not material according to the auditors. The threshold for recording the discount is 5% of the total assets.

2015-16 Audit Discussion

Ms. Montgomery asked the Audit Committee members if they had any areas of concern the audit team should focus on in 2015-16. There were no areas of concern reported. Ms. Montgomery asked if anyone on the Audit Committee had areas that should be concentrated on this year. The Audit Committee members asked that the auditors test the endowment to verify that the endowment distributions for the year were in compliance with the spending policy which is included in the Statement of Investment Policy.

The Audit Committee members asked Ms. Montgomery to clarify Audit Note #10 Retirement Plans and separate the benefits to employees from Cabrillo College Foundation's financial responsibility for employee retirement.

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Ms. Montgomery asked the Audit Committee members and staff if there were any changes to the governance, large pledge commitments covering 10 years or other significant changes during 2015-16. Staff informed Ms. Montgomery and the Audit Committee that the Cabrillo College Foundation had supported a Bond Campaign in 2015-16 and received many large bequests which may not be completed by June 30, 2016.

2015-16 Audit Timeline:

The following is a projection for the 15-16 Cabrillo College Foundation audit process:

May 25, 2016	Auditors meet at Cabrillo College Foundation with Audit Committee to review how the audit will be conducted. Representative(s) of Audit firm will attend meeting.
Week of August 22, 2016	Cabrillo College Foundation on-site audit.
September 14, 2016	Foundation receives proposed audit adjustments for review by Nancy Machado, Lynn Brisson, CPA and Alan Aman.
September 21, 2016	Foundation receives audit draft for review by Nancy Machado, Melinda Silverstein, Lynn Brisson, CPA and Alan Aman.
October 7, 2016 10:00-11:00 a.m.	Audit Committee meets to review/accept audit draft. Representative(s) of Audit firm will attend meeting.
October 14, 2016	Executive Committee receives e-mail audit draft for review prior to Executive Committee meeting.
October 20, 2016	Executive Committee receives recommended audit draft for review and acceptance.
October 21, 2016	Cabrillo College Foundation staff e-mails Audit Committee members a red-line draft Audit so they are made aware of any changes made to the Audit Report after the Executive Committee meeting.
November 8, 2016	Cabrillo College Foundation Board of Directors meet to accept audit. Representative(s) of audit firm will attend meeting.

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Closed Session: Choose audit firms in addition to Vavrinek, Trine & Day & Co., LLP to request proposals for providing audit services for 2016-17:

The Cabrillo College Foundation has a contract through the 2015-16 fiscal year with Vavrinek, Trine & Day for audit services and is no longer required to use the same auditor as the college. Vavrinek, Trine & Day have been providing audit services to the Cabrillo College Foundation for 10 years. At the June 19, 2015 Audit Committee meeting it was decided that the Cabrillo College Foundation would send an RFP to other auditors as due diligence. September 19, 2016, staff will send the RFP to qualifying auditors and audit proposals will be e-mailed to the October 7, 2016 the Audit Committee will select auditor.

The following is a schedule for the Cabrillo College Foundation Auditor selection process beginning with the 2016-17 audit:

May 25, 2016	(1) Choose top two audit firms in addition to Vavrinek, Trine & Day & Co., LLP to request proposals for providing audit services. The RFP will ask for a one year bid with the option to renew and audit cost for another two years (2) Set criteria for auditor selection
August 1, 2016	Cabrillo College Foundation staff will send an e-mail to recommended auditors, auditors of other Community Colleges and Community College Foundations requesting a list of the auditors experience including the years the audits were performed. Staff will eliminate any auditors inexperienced in conducting Community College or Community College Foundation audits from the list of possible auditors to receive RFP.
August 19, 2016	RFP is mailed with a due date of September 16, 2016
September 19, 2016	RFP's and criteria for selection are e-mailed to Audit Committee members
October 7, 2016	Audit Committee meets to review audit proposals and select auditor
October 10, 2016	Staff notifies firm selected and notify those who were not selected

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January 30, 2017

Nancy Machado schedules 2016-17 audit

June 9, 2017

First Audit Committee meeting with the auditor who will conduct the 2016-17 Audit

The Audit Committee members discussed how often the Cabrillo College Foundation should send out request for proposal. This will be discussed at the next Audit Committee meeting.

Adjournment: 11:10 a.m.

Respectfully submitted,



Nancy Machado
Accounting & Human Resources Manager

Follow-up items:

1. Staff to create a report for the Finance Committee members to measure annual payout with investment results and suggested a five year history. Also the report would include a history of accumulated earnings, funds available for spending and historical gifts. This is a tool for the Finance Committee to determine parameters for re-evaluating the percentage of payout if returns are less than 5 ½% on a consistent bases. The report will be mailed to Audit Committee before it is taken to Finance Committee.
2. October 2016 Agenda to include discussion timing of future RFP

2016-17 Meetings:

Friday, October 7, 2016
Sesnon House Room 1824
10:00 a.m. to 11:00 a.m.

Friday, June 9, 2017
Sesnon House Room 1824
10:00 a.m. to 11:00 a.m.