

**Cabrillo College Foundation
Audit Committee Meeting
Minutes of October 9, 2015**

Present: Pegi Ard, Lee Duffus, Janet Heien, Laurel Jones and Barbara Scherer

Absent: Carrie Birkhofer, Blaine Brokaw and David Heald

Staff: Melinda Silverstein and Nancy Machado

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

Introduction and Welcome:

Audit Committee members, staff and Terri Montgomery welcomed new committee member Lee Duffus to the Audit Committee.

Cabrillo Collgege Report:

Laurel Jones reported that for the first time in a long time, full time enrollment is higher than part time. Laurel discussed the exciting new partnership with Digital Nest, a non-profit working in the Watsonville Center with youth from the ages of 12 to 24. Most students are high school age and are allowed the opportunity to have concurrent enrollment at Cabrillo College.

Approve June 19, 2015 Audit Committee Minutes:

Motion: MSC: J.Heien/B. Scherer to approve Audit Committee Minutes of June 19, 2015 as presented.

Brown Act Compliance:

Melinda Silverstein discussed the Brown Act requirements that the Cabrillo College Foundation is required to follow as it is an Auxiliary Organization of Cabrillo College.

Board Communication Letter:

Ms. Montgomery reviewed the Board Communication Letter and expressed that there were no difficulties encountered during the audit.

Audit differences:

Audit differences are those adjustments made by the auditor not chosen to be recorded by the Cabrillo College Foundation. The unadjusted difference for 2014-15 was \$53,936 to discount the time value of money for long term promises (2 to 5 years). The total assets, total liabilities and fund balance percentages become material only when the difference is more than 5%. The net audit difference as a percentage of Financial Statement captions was 0.19%.

Independent Auditors Report:

The Independent Auditors report was reviewed. Ms. Montgomery indicated the June 30,

2015 statements are presented fairly and expressed an unmodified opinion.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cabrillo College Foundation
Aptos, California

We have audited the accompanying financial statements of Cabrillo College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cabrillo College Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cabrillo College Foundation's 2014 financial statements, and our report dated December 1, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Vavrinek, Trine, Day & Co., LLP
Pleasanton, California
_____, 2014

Audit Committee discussion and approval:

New this year, is the requirement under GASB 67 which required CalPERS to provide the amounts of the Cabrillo College Foundation's share of the CalPERS Miscellaneous retirement pool as of June 30, 2015. FASB ASC 718-80-35-2 standard requires a nonprofit to record the defined benefit plan liability on its books whenever the amount is able to be estimated.

Several changes to the audit draft were recommended to correct spelling errors, clarify presentation and tie certain line items to the notes to the financial statements. The Cabrillo College Foundation audit draft was approved subject to recommended changes. **Motion: MSC: L.Duffis/B. Scherer**

Review Timeline for RFP

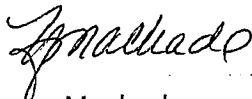
The following is a schedule for the Cabrillo College Foundation auditor selection process beginning with the 2016-17 audit.

September 12, 2016	Choose (2) audit firms in addition to Vavrinek, Trine & Day & Co., LLP to request proposals for providing audit services. RFP will ask for a one year bid with the option to renew and audit cost for another two years.
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September 16, 2016	RFP is mailed
October 15, 2016	Audit Committee reviews audit bids and selects auditor
January 30, 2017	2016-17 audit is scheduled

Adjournment: 11:10 a.m.

Respectfully submitted,



Nancy Machado
Accounting Manager

Next Meeting:

To be determined

Meeting follow-up items:

1. Nancy Machado to reschedule Audit Committee meeting for 2016
2. Pegi Ard will bring to the attention of the Finance Committee the necessity of verifying that endowment distribution is in compliance with the Statement of Investment Policy which includes the spending policy.