

Minutes of the Audit Committee Meeting
of
The Natomas Basin Conservancy
March 26, 2018
2150 River Plaza Drive, Suite 460
Sacramento, CA
12:00 p.m.

COMMITTEE MEMBERS PRESENT:
 Michael Johnston
 Kevin McRae
 Jeff Norton

= attended
 = did not attend

STAFF PRESENT: Kim Burns

OTHERS PRESENT: Peggy Vande Vooren and Pam Freeman of Gilbert Associates, Inc.

CALL TO ORDER

Committee Chair McRae called the meeting to order.

PUBLIC COMMENT

There were no public comments.

ACTION

Approval of Minutes. McRae requested approval of the minutes of the March 29, 2017 Audit Committee meeting.

On a motion by McRae and a second by Johnston, the committee unanimously approved the minutes of the March 29, 2017 Audit Committee meeting.

Committee members

Michael Johnston
 Kevin McRae
 Jeff Norton

Vote symbols

= "aye" vote
 = "no" vote
 = not present
◆ = abstain or recuse

Review the audited financial statements for the year ended December 31, 2017. Peggy Vande Vooren with Gilbert Associates, Inc. (Gilbert) reviewed with the committee the scope and the results of the Conservancy's audited financial statements for the year ended December 31, 2017. Gilbert issued an unqualified (clean) opinion on the Conservancy's 2017 financial statements and internal control over financial reporting. No management letter was issued.

Vande Vooren reviewed the audit in detail with the committee. She noted that the Conservancy's audit this year was a smooth process and commended Conservancy staff for its efforts.

At 12:30 pm Burns was excused so that the committee members could meet privately with the auditors, where Vande Vooren and Freeman reviewed the required communications with the committee.

Burns rejoined the meeting at 12:45 pm.

McRae requested a motion to accept the audited financial statements for the year ended December 31, 2017.

On a motion by McRae and a second by Johnston, the committee unanimously accepted the audited financial statements as presented for the year ended December 31, 2017.

Committee members

- Michael Johnston
- Kevin McRae
- Jeff Norton

Vote symbols

- = "aye" vote
- = "no" vote
- = not present
- ◆ = abstain or recuse

Vande Vooren and Freeman left at 1:03 pm.

2017 Form 990. Burns reviewed the 2017 IRS Form 990 with the committee. McRae and Johnston had questions relating to the Executive Director's compensation. Further documentation was provided, and they were satisfied.

Norton wanted to know how much money was paid to treat "red rice." Burns indicated that no Conservancy funds were used to treat "red rice" on the Lucich South property. Norton stated that money had been budgeted for it. Burns affirmatively stated that funds had been budgeted but not spent. Norton pressed that money had been budgeted for treatment of "red rice." Burns again stated that funds had been budgeted however no Conservancy funds were used to treat the "red rice" issue on the Conservancy's Lucich South property.

Norton asked about the line items Property Maintenance and Land Management. Burns informed the committee that Property Maintenance was for maintaining the Conservancy's managed marsh properties for which the Conservancy did not have a set contract (e.g. well repairs, well maintenance, barn repairs, repair and maintenance for the rental houses, weed abatement materials, etc). Norton wanted to know which line item from which Sopwith Farms was paid. Burns indicated that Sopwith Farms, land management contractor, was found on the Form 990, Part IX Statement of Functional Expenses, line 11g "Other."

Norton queried as to the nature of the high legal expenses. Burns indicated that according to her calculations of the approximately \$183,000 spent on legal expense in 2017, \$100,000 were Board-related and the remaining \$83,000 were general Conservancy business. Norton demanded to know more about the 2017 legal expenses. Johnston and McRae settled on scheduling another Audit Committee meeting to review the 2017 legal expenses as well as legal counsel work product.

The committee reviewed the remainder of the 2017 IRS Form 990.

On a motion by McRae and a second by Johnston, the committee unanimously accepted the 2017 IRS Form 990.

Committee members

- Michael Johnston
- Kevin McRae
- Jeff Norton

Vote symbols

- = "aye" vote
- = "no" vote
- = not present
- ◆ = abstain or recuse

Annual review of Executive Director credit card statements. The committee reviewed the Executive Director's 2017 credit card statements and noted there was nothing identified worth reporting.

PUBLIC COMMENT

There were no members of the public present.

ADJOURNMENT

On a motion by Johnston and a second by Norton, the committee adjourned the meeting of the Audit Committee at 1:45 p.m.

Committee members

- Michael Johnston
- Kevin McRae
- Jeff Norton

Vote symbols

- = "aye" vote
- = "no" vote
- = not present
- ◆ = abstain or recuse

ATTEST:

Committee Chair

Date