



March 4, 2015

To: Members of the Audit Committee
Reginald Avery
Gregg Schwind
Edward Berman
James Young

Cc: Members of the Columbia Association Board of Directors
Milton Matthews, President/CEO
Jackie Tuma, Chief Staff Liaison

From: Michael Cornell, Chair

The Audit Committee of the Columbia Association, Inc. Board of Directors will meet on Wednesday, March 11, 2015 at the Columbia Association Building, 10221 Wincopin Circle, Columbia, MD 21044 at 7:30 p.m.

AGENDA

- | | |
|---|--------|
| 1. Call to order | 1 min |
| 2. Approval of agenda | 2 min |
| 3. Approval of minutes: December 10, 2014 | 2 min |
| 4. Review of the FY15 third quarter Financial Report and financial statements | 20 min |
| 5. Motions to recommend Board action (no backup) | 5 min |
| a) Motion to provide the FY15 third quarter Financial Report to the Board of Directors | |
| b) Motion to provide the FY15 third quarter financial statements to the Board of Directors | |
| 6. Review and motion: FY15 independent audits | 10 min |
| a) Review engagement letters from CohnReznick LLP for their FY15 independent audits of CA's financial statements and incentive savings plan | |
| b) Recommend to the Board of Directors that it appoint CohnReznick LLP as CA's external auditors for the FY15 annual audits of CA's financial statements and incentive savings plan (no backup) | |
| 7. Motion to close for the purpose of reviewing several internal audit reports and consultation with staff personnel on legal matters in accordance with HOA Section 11B-111.(4)(i and iv) | 65 min |
| 8. Review Audit Committee annual report of accomplishments – FY15 | 5 min |
| 9. Committee tracking form (open meeting) | 5 min |
| 10. Adjournment – 9:25 p.m. | |

ARRANGEMENTS FOR AN INTERPRETER FOR THE HEARING IMPAIRED CAN BE MADE BY CALLING 410-715-3111 AT LEAST TWO DAYS IN ADVANCE OF THE MEETING.



December 16, 2014

MINUTES
AUDIT COMMITTEE MEETING
Held: Wednesday, December 10, 2014

Participants: Michael Cornell, Audit Committee Chair
Gregg Schwind, Audit Committee (by teleconference)
Reginald Avery, Audit Committee
James Young, Audit Committee (arrived at 7:38 p.m.)
Milton Matthews, President and CEO
Jackie Tuma, Chief Staff Liaison and Director of Internal Audit

Mr. Cornell called the meeting to order at 7:33 p.m.

Mr. Avery moved to approve the agenda and Mr. Schwind seconded. The agenda was approved with a vote of 3-0-0.

For:	Messrs. Cornell, Avery, and Schwind
Against:	None
Abstain:	None

Mr. Avery moved to approve the draft minutes from the September 10, 2014 meeting and Mr. Schwind seconded. The minutes were approved as presented with a vote of 3-0-0.

For:	Messrs. Cornell, Avery and Schwind
Against:	None
Abstain:	None

Mr. Young joined the meeting at 7:38 p.m.

Ms. Susan Krabbe, Chief Financial Officer, presented CA's FY15 second quarter Financial Report and financial statements and responded to questions from the Committee. For future Financial Reports, Mr. Schwind requested that:

- Data in the *Breakdown of Complimentary and Discounted Memberships by Quarter* graph include the number of memberships that are actually receiving a senior discount at that point in time.
- Factors contributing to membership fluctuations on the *Membership Plan Detail* chart be quantified and explained in a footnote.

DRAFT

Mr. Young moved to provide the FY15 second quarter Financial Report to the Board of Directors and Mr. Avery seconded. The motion passed with a vote of 4-0-0.

For: Messrs. Cornell, Avery, Schwind, and Young
Against: None
Abstain: None

Mr. Avery moved to provide the FY15 second quarter financial statements to the Board of Directors and Mr. Young seconded. The motion passed with a vote of 4-0-0.

For: Messrs. Cornell, Avery, Schwind, and Young
Against: None
Abstain: None

At 8:35 p.m., Mr. Avery moved to close the meeting pursuant to HOA Section 11B-111.(4)(i, iv, and vi) to review several internal audit reports, for consultation with staff personnel on legal matters, and for consideration of the terms of a business transaction. Mr. Young seconded the motion. The motion passed with a vote of 4-0-0.

For: Messrs. Cornell, Avery, Schwind, and Young
Against: None
Abstain: None

The meeting continued in closed session.

At 9:45 p.m. the open meeting reconvened.

The Committee's tracking form was reviewed.

At 9:46 p.m., the meeting was adjourned by unanimous consent.



Date: March 2, 2015

To: Members of the Columbia Association Audit Committee

From: Jackie Tuma, Chief Staff Liaison

Cc: Milton Matthews, President and CEO
Susan Krabbe, Vice President and CFO
CA Board of Directors

Re: Third quarter Financial Report and financial statements

The backup for agenda item #4 (FY15 third quarter Financial Report and financial statements) will be provided by Susan Krabbe prior to the Audit Committee meeting.

February 11, 2015

Audit Committee of
Columbia Association, Inc.
10221 Wincopin Circle
Suite 100
Columbia, Maryland 21044

Dear Ms. Krabbe and Mr. Papagjika:

RE: 2015 Audit Services for Columbia Association, Inc.

Thank you for choosing CohnReznick LLP ("CohnReznick") to perform professional services for Columbia Association, Inc. This engagement letter and the attached General Terms and Conditions (collectively, the "Agreement") shall confirm our understanding of the services we are to provide Columbia Association, Inc. for the year ended April 30, 2015.

We will audit the financial statement(s) of Columbia Association, Inc. (the "Organization", "Company" or "you") which comprise the statement(s) of financial position as of April 30, 2015 the related statements of activities and cash flows for the year then ended and the related notes to the financial statements. The Agreement is issued under the contract between Columbia Association and CohnReznick resulting from Request for Proposal No. 15-57.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Columbia Association, Inc.'s financial statements. Our report will be addressed to the Audit Committee of Columbia Association, Inc.. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors and

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financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or

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forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

You agree to assume all management responsibilities for the nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

Except as stated otherwise herein above, CohnReznick shall not have responsibility for prevention and detection of fraud, and CohnReznick's services cannot be relied upon to detect fraud, defalcations or other irregularities. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States may not detect a material fraud. CohnReznick expressly disclaims any responsibility for detecting fraud affecting the

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Company and the Company releases CohnReznick from any liability for failure to detect fraud. If the Company needs assistance in this area, CohnReznick can refer the Company to others who specialize in fraud detection and investigations, and who can provide such services pursuant to a separate engagement setting forth the agreed upon scope of such services.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Daniel J. Kenney, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that CohnReznick's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We estimate that our fee for these services will be \$28,500 (the "Fee"). The Fee shall be payable to us as follows:

- (a) \$14,250 shall be payable upon completion of fieldwork;
- (b) \$14,250 shall be payable upon issuance of the final financial statements

In the event any payment set forth above is not received on or before the date indicated, CohnReznick shall have the right to terminate this agreement or suspend the services until such payment is received by CohnReznick. The Company will also be invoiced for out-of-pocket costs such as report production, word processing, postage, travel, etc.

The Fee is based on anticipated cooperation from the Company's personnel and the assumption that unexpected circumstances will not be encountered during this engagement. In the event any circumstances arise which cause the actual time incurred to exceed the Fee, you shall be separately invoiced for the additional time expended by CohnReznick.

Our charges for other services above and beyond the services to be provided under this Agreement including any follow-up services arising after the services to be performed under this Agreement are completed will be agreed to separately.

Management authorizes CohnReznick to post both draft and final versions of its financial statements, as applicable, to the CohnReznick extranet site (including but not limited to ClientFlow or the CohnReznick Portals), in order to facilitate client access to the statements. The extranet site is intended solely to accommodate client (and client alone will be given access to the extranet site). Client is not authorized to grant access to the extranet site to any third party.

Ms. Krabbe and Mr. Papagjika
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We appreciate the opportunity to be of service to you and believe this engagement letter and the attached General Terms and Conditions accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this engagement letter and attached General Terms and Conditions, please sign the enclosed copy and return it to us.

Very truly yours,



Daniel J. Kenney, CPA
Partner

DJK/baw
Attachment: General Terms and Conditions

AGREED TO AND ACCEPTED BY:

Columbia Association, Inc.

By: _____
Management Signature

Print Name: _____

Title: _____

Date: _____

By: _____
Governance Signature

Print Name: _____

Title: _____

Date: _____

GENERAL TERMS AND CONDITIONS

Communications: You acknowledge that as a condition of our engagement, you agree to the best of your knowledge and belief to be truthful, accurate, and complete in making representations to us during the course of our engagement and in any written representations that may be required at the conclusion of the engagement.

Payment Terms: Unless otherwise agreed to, you agree to pay CohnReznick fees for its services based upon the time expended in performing the services at CohnReznick's hourly rates in effect from time to time plus expenses and out-of-pocket costs. Invoices that are not paid in full within thirty (30) days after receipt of the invoices shall be subject to interest of 1% per month (12% annual percentage rate), computed from the date of the invoice until paid.

In the event any payment set forth in this Agreement is not received in accordance with the schedule set forth in this Agreement, CohnReznick shall have the right to terminate this agreement or suspend the services until such payment is received by CohnReznick. The Company will also be invoiced for out-of-pocket costs such as report production, word processing, postage, travel, etc.

You also agree to reimburse CohnReznick for reasonable collection and litigation costs incurred by CohnReznick should it commence proceedings to collect undisputed fees due from you and to CohnReznick that remain unpaid for a period exceeding 60 days.

Use of Third Parties: CohnReznick may from time-to-time use third-party service providers and/or individual contractors in serving your account which may require our sharing your information with the service provider or individual contractor. Generally, CohnReznick will only use third-party service providers or individual contractors on a very limited basis. CohnReznick will secure confidentiality agreements with all third-party service providers and individual contractors to maintain the confidentiality of your information. In the event that CohnReznick is unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider or individual contractor. Furthermore, CohnReznick will remain responsible for any work provided by any such third-party service providers or individual contractors.

Work Paper Retention: Every effort will be made to return your original documents to you upon the completion of the engagement. CohnReznick's working papers and all other file materials including your documentation are maintained in accordance with our document retention policies. It is your responsibility to retain records to comply with applicable statutes and regulations. Our records and files are our property and are not a substitute for your own records. You agree that CohnReznick shall not be liable to you for the destruction of CohnReznick's files or your documentation consistent with our policies, including destruction of any original documents you may have provided to CohnReznick.

GENERAL TERMS AND CONDITIONS

Third-Party Requests: In the event CohnReznick is requested by you to provide information related to the services to you, or required pursuant to law, regulation, subpoena or applicable professional standards and/or rules to produce information or our personnel as witnesses with respect to the services, you shall reimburse CohnReznick for any professional time and expenses (including legal fees) incurred to respond to the request, provided CohnReznick is not a party to the proceeding or the subject of the investigation in which the information is sought. CohnReznick shall, to the extent legally permissible, notify you promptly of any such request unless such request is made pursuant to regulatory oversight applicable to CohnReznick.

Non-Solicitation: Professional standards require us to be independent in performance of certain services. Any discussions that you have with personnel of CohnReznick regarding employment could pose a threat to our independence. During the term of this Agreement and for a period of one year thereafter, you agree, except with our express written consent, not to solicit (except by means of a general press solicitation not targeted to any individual employee or group of employees for employment or any consulting or other relationship substantially equivalent to employment), entice, hire, employ or seek to employ any of our employees.

Limitations: You agree that CohnReznick's and its personnel's maximum liability to you and your personnel for any errors or omissions (including negligent errors and omissions)

committed by CohnReznick and/or its personnel arising out of or related to this Agreement or the services will be limited to the amount actually paid for the services. This limitation shall not apply to the extent it is determined that the loss was caused by CohnReznick's gross negligence or willful misconduct.

In no event shall CohnReznick or its personnel be liable to you or your personnel for any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of or related to this Agreement or the services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

Choice of Law: This Agreement, and any claims, matters or obligations arising out of or related to this Agreement or the services, including, but not limited to, claims arising in contract, tort, fraud, under statute or otherwise, shall be governed by and construed in accordance with the laws of the State of New York as if this Agreement was entered into, and was to be entirely performed within, the State of New York without giving any effect to any contrary choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

Dispute Resolution: Any dispute, controversy, or claim arising out of or relating to the services or the performance or breach of this Agreement (including disputes regarding the termination, validity or enforceability of this Agreement) or any prior services or agreements between the parties shall be finally resolved by

GENERAL TERMS AND CONDITIONS

arbitration in accordance with the International Institute for Conflict Prevention and Resolution ("IICPR") Rules for Non-Administered Arbitrations by a panel of three arbitrators, one chosen by each party, and the third selected by the two party-selected arbitrators. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The arbitration hearings will take place in Howard County, Maryland unless the parties agree to a different locale.

The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages.

In the event it is necessary to confirm the arbitration award in court, the costs of such confirmation proceedings, including attorneys' fees, incurred by the party seeking confirmation shall be borne entirely by the party against whom enforcement is sought.

Such arbitration shall be binding and final. In agreeing to arbitration, the parties acknowledge that in the event of any dispute (including a dispute over fees) the parties are giving up the right to have the dispute decided in a court of law before a judge or jury and instead the parties are accepting the use of arbitration for resolution.

Non-Discrimination: CohnReznick shall not discriminate against any individual because of race, gender, age, color, national origin, or disability. If CohnReznick is determined to be in

violation of Federal, State, or County non-discrimination laws by an order, opinion, or a decision of a Maryland court or an administrative body or agency, this Agreement may be terminated or suspended in whole or in part by you, and CohnReznick may be declared ineligible for any future contracts with you.

Insurance: CohnReznick shall obtain Broad Form General Liability \$1,000,000 combined single limit for property damage and bodily damage; Business Automobile \$1,000,000 combined single limit for property damage and bodily injury; Worker's compensation statutory limits; Umbrella of at least \$1,000,000; and professional liability for errors and omissions in the amount of \$1,000,000. With the exception of the worker's compensation and professional liability policies, all policies shall include Columbia Association, Inc. as an additional insured. CohnReznick shall provide to you ten (10) days written notice before any change, cancellation or modification of such policies become effective. A certificate of insurance is to be supplied to you upon request.

Compliance: Both parties shall comply with all applicable Federal, State, and County laws and regulations and ordinances pertaining to the subject matter and performance of this Agreement, including but not limited to the following: the payment of all applicable taxes and withholding, worker's compensation, equal opportunity employment, and any required permits.

Non-Disclosure: In connection with the performance of this Agreement, it may be necessary for you to disclose to

GENERAL TERMS AND CONDITIONS

CohnReznick certain information relating to your business, operations, finances, employees and customers, as well as other confidential information. CohnReznick agrees that all such information will be held in confidence in accordance with applicable professional standards.

Assignment Prohibition: Neither party shall assign this Agreement or transfer any rights under this Agreement without the prior written consent of the other party.

Miscellaneous: Either party may terminate this Agreement, or the services, upon 30 days' prior written notice to the other. CohnReznick may terminate this Agreement, or the services, immediately upon written notice to you (a) if CohnReznick determines in its professional judgment that it is unable to complete the services in accordance with applicable law or professional standards and/or obligations, or due to unexpected circumstances, (b) for reasonable cause (including failure to provide the information or cooperation necessary for successful performance of the services), or (c) if your account becomes 30 days or more overdue.

The services will be deemed to be completed upon written notification of termination (regardless of the extent of

services performed as of the notification date). You will be obligated to compensate CohnReznick for the time expended and to reimburse CohnReznick for all expenses and out-of-pocket costs incurred up to and including the date of termination of this Agreement or the services.

The provisions of this Agreement that give either of us rights or obligations beyond its termination shall survive termination of this Agreement.

This Agreement is the complete and exclusive statement of agreement between the parties, and replaces and supersedes all proposals, communications and agreements between us, whether written or oral, related to the subject matter and time periods referenced in this Agreement, including any prior agreement we may have entered into related to the confidentiality of information provided by you to us.

In the event that any provision of this Agreement is found to be invalid, then such provision will be modified to reflect the parties' intention as closely as possible without being unenforceable. All remaining provisions of this Agreement shall remain in full force and effect.

February 13, 2015

The Audit Committee of
Columbia Association, Inc.
Columbia Association, Inc. Incentive Savings Plan and Trust
10221 Wincopin Circle
Suite 100
Columbia, Maryland 21044

Dear Ms. Krabbe and Mr. Papagjika:

RE: 2014 Audit Services for Columbia Association, Inc. Incentive Savings Plan and Trust

Dear Ms. Krabbe and Mr. Papagjika:

Thank you for choosing CohnReznick LLP ("CohnReznick") to perform professional services for Columbia Association, Inc. Incentive Savings Plan and Trust. This engagement letter and the attached General Terms and Conditions (collectively, the "Agreement") shall confirm our understanding of the services we are to provide for Columbia Association, Inc. Incentive Savings Plan and Trust (the "plan", "Company" or "you") for the year ended December 31, 2014, in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA). This Agreement is issued under the contract between Columbia Association and CohnReznick resulting from Request for Proposal No. 15-57.

Except as described below, we will audit the financial statements of Columbia Association, Inc. Incentive Savings Plan and Trust which comprise the statement of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year then ended and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements:

1. Assets (Held at End of Year) and Assets (Acquired and Disposed of Within Year).
2. Loans or Fixed Income Obligations in Default or Classified as Uncollectible.
3. Leases in Default or Classified as Uncollectible.
4. Reportable Transactions.
5. Nonexempt Transactions.
6. Delinquent Participant Contributions.

These financial statements and supplemental schedules are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA to be filed with Form 5500.

The Audit Committee of
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Audit Objective

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America except that, as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and as instructed by you, we will not perform any auditing procedures with respect to information prepared and certified to by Fidelity Management Trust Company with DOL Regulation 2520.103-5, other than comparing the information with the related information included in the financial statements and supplemental schedules. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and Columbia Association Incentive Savings Plan and Trust. We cannot provide assurance that a limited-scope disclaimer of opinion as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA will be expressed. Circumstances may arise in which it is necessary for us to make further modifications to our report, such as adding an emphasis-of-matter or other-matter paragraph. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified to by the Fidelity Management Trust Company, will be audited by us in accordance with auditing standards generally accepted in the United States of America, and will be subjected to tests of your accounting records and other procedures we consider necessary to enable us to express an opinion that they are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. If for any reason we are unable to complete the engagement, we may decline to issue a report or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments except those certified to by the Fidelity Management Trust Company, and certain other assets and liabilities by correspondence with financial institutions and other third parties. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested, except that assets and related transactions certified to by the Fidelity Management Trust Company will not be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the plan or to acts by management or employees acting on behalf of the plan.

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Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards, except as previously noted. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Except as described in the "Audit Objective" section, our audit will include obtaining an understanding of the plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

In addition, we will perform certain procedures directed at considering the plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

Management Responsibilities

You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining fair value measurements; and for the preparation and fair presentation of the financial statements in conformity with U. S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information, including the completeness and accuracy of the certification by the Fidelity Management Trust Company. You are also responsible for providing us with 1) access to all information of which

The Audit Committee of
Columbia Association, Inc.
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you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the plan from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the plan involving (a) plan management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the plan complies with applicable laws and regulations. You are also responsible for preparing the supplementary information in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Except as stated otherwise herein above, CohnReznick shall not have responsibility for prevention and detection of fraud, and CohnReznick's services cannot be relied upon to detect fraud, defalcations or other irregularities. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States may not detect a material fraud.

CohnReznick expressly disclaims any responsibility for detecting fraud affecting the Company and the Company releases CohnReznick from any liability for failure to detect fraud. If the Company needs assistance in this area, CohnReznick can refer the Company to others who specialize in fraud detection and investigations, and who can provide such services pursuant to a separate engagement setting forth the agreed upon scope of such services.

Engagement Administration, Fees and Other

We understand that your personnel will prepare schedules, analyses and all confirmations we request and will locate any invoices or other documents selected by us for testing.

The audit documentation for this engagement is the property of CohnReznick and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of CohnReznick

The Audit Committee of
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personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Daniel J. Kenney, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. As you have instructed, our engagement does not include preparation of the plan's Form 5500.

The AICPA's Audit and Accounting Guide, *Employee Benefit Plans*, requires that, before an auditor's report on the plan's financial statements can be included with a filed Form 5500 (including any related schedules), the auditor must review the Form 5500 and consider whether there are any material inconsistencies between the other information in the form and the audited financial statements (including the required supplemental schedules) or any material misstatement of fact. We will, therefore, not issue our auditor's report until the completed Form 5500 has been provided for our review.

To ensure that CohnReznick's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We estimate that our fee for these services will be \$11,000 (the "Fee"). The Fee shall be payable to us as follows:

- (a) \$5,500 shall be payable during the fieldwork;
- (b) \$5,500 shall be payable upon issuance of the final financial statements.

In the event any payment set forth above is not received on or before the date indicated, CohnReznick shall have the right to terminate this agreement or suspend the services until such payment is received by CohnReznick. The Company will also be invoiced for out-of-pocket costs such as report production, word processing, postage, travel, etc.

The Fee is based on anticipated cooperation from the Company's personnel and the assumption that unexpected circumstances will not be encountered during this engagement. In the event any circumstances arise which cause the actual time incurred to exceed the Fee, you shall be separately invoiced for the additional time expended by CohnReznick.

Our charges for other services above and beyond the services to be provided under this Agreement including any follow-up services arising after the services to be performed under this Agreement are completed will be agreed to separately.

Management authorizes CohnReznick to post both draft and final versions of its financial statements, as applicable, to the CohnReznick extranet site (including but not limited to ClientFlow or the CohnReznick Portals), in order to facilitate client access to the statements. The extranet site is intended solely to accommodate client (and client alone will be given access to the extranet site). Client is not authorized to grant access to the extranet site to any third party.

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We appreciate the opportunity to be of service to you and believe this engagement letter and the attached General Terms and Conditions accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this engagement letter and attached General Terms and Conditions, please sign the enclosed copy and return it to us.

Very truly yours,



Daniel J. Kenney, CPA
Partner

DJK/baw
Attachment: General Terms and Conditions

AGREED TO AND ACCEPTED BY:

Columbia Association, Inc. Incentive Savings Plan and Trust

By: _____
Plan Administrator Signature

Print Name: _____

Title: _____

Date: _____

By: _____
Governance Signature

Print Name: _____

Title: _____

Date: _____

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Communications: You acknowledge that as a condition of our engagement, you agree to the best of your knowledge and belief to be truthful, accurate, and complete in making representations to us during the course of our engagement and in any written representations that may be required at the conclusion of the engagement.

Payment Terms: Unless otherwise agreed to, you agree to pay CohnReznick fees for its services based upon the time expended in performing the services at CohnReznick's hourly rates in effect from time to time plus expenses and out-of-pocket costs. Invoices that are not paid in full within thirty (30) days after receipt of the invoices shall be subject to interest of 1% per month (12% annual percentage rate), computed from the date of the invoice until paid.

In the event any payment set forth in this Agreement is not received in accordance with the schedule set forth in this Agreement, CohnReznick shall have the right to terminate this agreement or suspend the services until such payment is received by CohnReznick. The Company will also be invoiced for out-of-pocket costs such as report production, word processing, postage, travel, etc.

You also agree to reimburse CohnReznick for reasonable collection and litigation costs incurred by CohnReznick should it commence proceedings to collect undisputed fees due from you and to CohnReznick that remain unpaid for a period exceeding 60 days.

Use of Third Parties: CohnReznick may from time-to-time use third-party service providers and/or individual contractors in serving your account which may require our sharing your information with the service provider or individual contractor. Generally,

CohnReznick will only use third-party service providers or individual contractors on a very limited basis. CohnReznick will secure confidentiality agreements with all third-party service providers and individual contractors to maintain the confidentiality of your information. In the event that CohnReznick is unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider or individual contractor. Furthermore, CohnReznick will remain responsible for any work provided by any such third-party service providers or individual contractors.

Work Paper Retention: Every effort will be made to return your original documents to you upon the completion of the engagement. CohnReznick's working papers and all other file materials including your documentation are maintained in accordance with our document retention policies. It is your responsibility to retain records to comply with applicable statutes and regulations. Our records and files are our property and are not a substitute for your own records. You agree that CohnReznick shall not be liable to you for the destruction of CohnReznick's files or your documentation consistent with our policies, including destruction of any original documents you may have provided to CohnReznick.

Third-Party Requests: In the event CohnReznick is requested by you to provide information related to the services to you, or required pursuant to law, regulation, subpoena or applicable professional standards and/or rules to produce information or our personnel as witnesses with respect to the services, you shall reimburse CohnReznick for any

GENERAL TERMS AND CONDITIONS

professional time and expenses (including legal fees) incurred to respond to the request, provided CohnReznick is not a party to the proceeding or the subject of the investigation in which the information is sought. CohnReznick shall, to the extent legally permissible, notify you promptly of any such request unless such request is made pursuant to regulatory oversight applicable to CohnReznick.

Non-Solicitation: Professional standards require us to be independent in performance of certain services. Any discussions that you have with personnel of CohnReznick regarding employment could pose a threat to our independence. During the term of this Agreement and for a period of one year thereafter, you agree, except with our express written consent, not to solicit (except by means of a general press solicitation not targeted to any individual employee or group of employees for employment or any consulting or other relationship substantially equivalent to employment), entice, hire, employ or seek to employ any of our employees.

Limitations: You agree that CohnReznick's and its personnel's maximum liability to you and your personnel for any errors or omissions (including negligent errors and omissions) committed by CohnReznick and/or its personnel arising out of or related to this Agreement or the services will be limited to the amount actually paid for the services. This limitation shall not apply to the extent it is determined that the loss was caused by CohnReznick's gross negligence or willful misconduct.

In no event shall CohnReznick or its personnel be liable to you or your personnel for any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of or related to this

Agreement or the services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

Choice of Law: This Agreement, and any claims, matters or obligations arising out of or related to this Agreement or the services, including, but not limited to, claims arising in contract, tort, fraud, under statute or otherwise, shall be governed by and construed in accordance with the laws of the State of New York as if this Agreement was entered into, and was to be entirely performed within, the State of New York without giving any effect to any contrary choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

Dispute Resolution: Any dispute, controversy, or claim arising out of or relating to the services or the performance or breach of this Agreement (including disputes regarding the termination, validity or enforceability of this Agreement) or any prior services or agreements between the parties shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution ("IICPR") Rules for Non-Administered Arbitrations by a panel of three arbitrators, one chosen by each party, and the third selected by the two party-selected arbitrators. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The arbitration hearings will take place in Howard County, Maryland unless the parties agree to a different locale.

The arbitration panel shall have no authority to award non-monetary or equitable relief,

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and any monetary award shall not include punitive damages.

In the event it is necessary to confirm the arbitration award in court, the costs of such confirmation proceedings, including attorneys' fees, incurred by the party seeking confirmation shall be borne entirely by the party against whom enforcement is sought.

Such arbitration shall be binding and final. In agreeing to arbitration, the parties acknowledge that in the event of any dispute (including a dispute over fees) the parties are giving up the right to have the dispute decided in a court of law before a judge or jury and instead the parties are accepting the use of arbitration for resolution.

Non-Discrimination: CohnReznick shall not discriminate against any individual because of race, gender, age, color, national origin, or disability. If CohnReznick is determined to be in violation of Federal, State, or County non-discrimination laws by an order, opinion, or a decision of a Maryland court or an administrative body or agency, this Agreement may be terminated or suspended in whole or in part by you, and CohnReznick may be declared ineligible for any future contracts with you.

Insurance: CohnReznick shall obtain Broad Form General Liability \$1,000,000 combined single limit for property damage and bodily damage; Business Automobile \$1,000,000 combined single limit for property damage and bodily injury; Worker's compensation statutory limits; Umbrella of at least \$1,000,000; and professional liability for errors and omissions in the amount of \$1,000,000. With the exception of the worker's compensation and professional liability policies, all policies shall include

Columbia Association, Inc. as an additional insured. CohnReznick shall provide to you ten (10) days written notice before any change, cancellation or modification of such policies become effective. A certificate of insurance is to be supplied to you upon request.

Compliance: Both parties shall comply with all applicable Federal, State, and County laws and regulations and ordinances pertaining to the subject matter and performance of this Agreement, including but not limited to the following: the payment of all applicable taxes and withholding, worker's compensation, equal opportunity employment, and any required permits.

Non-Disclosure: In connection with the performance of this Agreement, it may be necessary for you to disclose to CohnReznick certain information relating to your business, operations, finances, employees and customers, as well as other confidential information. CohnReznick agrees that all such information will be held in confidence in accordance with applicable professional standards.

Assignment Prohibition: Neither party shall assign this Agreement or transfer any rights under this Agreement without the prior written consent of the other party.

Miscellaneous: Either party may terminate this Agreement, or the services, upon 30 days' prior written notice to the other. CohnReznick may terminate this Agreement, or the services, immediately upon written notice to you (a) if CohnReznick determines in its professional judgment that it is unable to complete the services in accordance with applicable law or professional standards and/or obligations, or due to unexpected circumstances, (b) for reasonable cause

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(including failure to provide the information or cooperation necessary for successful performance of the services), or (c) if your account becomes 30 days or more overdue.

The services will be deemed to be completed upon written notification of termination (regardless of the extent of services performed as of the notification date). You will be obligated to compensate CohnReznick for the time expended and to reimburse CohnReznick for all expenses and out-of-pocket costs incurred up to and including the date of termination of this Agreement or the services.

The provisions of this Agreement that give either of us rights or obligations beyond its termination shall survive termination of this Agreement.

This Agreement is the complete and exclusive statement of agreement between the parties, and replaces and supersedes all proposals, communications and agreements between us, whether written or oral, related to the subject matter and time periods referenced in this Agreement, including any prior agreement we may have entered into related to the confidentiality of information provided by you to us.

In the event that any provision of this Agreement is found to be invalid, then such provision will be modified to reflect the parties' intention as closely as possible without being unenforceable. All remaining provisions of this Agreement shall remain in full force and effect.



**AUDIT COMMITTEE
MAJOR ACCOMPLISHMENTS
FISCAL YEAR 2015**

The Audit Committee, composed of Michael Cornell (chair), Reginald Avery (vice chair), Gregg Schwind, James Young, and Edward Berman accomplished the following major tasks in fiscal year **2015**:

- Reviewed and reauthorized the Audit Committee’s Charter and the Internal Audit Department’s Mission Statement/Charter.
- Reviewed and approved the audit plan for FY15/FY16.
- Reviewed the Internal Audit Department’s progress, including annual metrics and compliance with professional auditing standards.
- Reviewed internal audit reports and monitored the status of unresolved findings and recommendations.
- Reviewed presentation and format of membership data prior to their being incorporated into CA’s quarterly Financial Reports.
- Monitored the ethics hotline and status of any significant ethics complaints and investigations.
- Reviewed the following documents:
 - Unaudited quarterly financial statements (FY 14 4th quarter through FY 15 3rd quarter)
 - Quarterly Financial Reports (FY 14 4th quarter through FY 15 3rd quarter)
 - Audited financial statements of Columbia Association, Inc. (as of April 30, 2014) and of the Incentive Savings Plan (as of December 31, 2013)
- Met with the external auditors and reviewed the results of their audit and required communications under Generally Accepted Auditing Standards.
- Reviewed and recommended that the Board approve the fiscal year 2014 IRS Forms 990 (Return of Organization Exempt From Income Tax) and 990-T (Exempt Organization Business Income Tax Return).
- Reviewed the results of a competitive bidding process for the selection of CA’s independent auditors (fiscal years 2015 through 2017) and recommended to the Board of Directors selecting CohnReznick LLP.
- Reviewed the engagement letters from CohnReznick LLP for the FY15 independent audits and recommended to the Board of Directors their appointment as CA’s external auditor.

Major standing items anticipated for the Audit Committee in fiscal year **2016** include:

- Review and approve the audit plan for FY16/FY17.
- Review the Internal Audit Department’s progress and accomplishments.
- Review the following documents:
 - Unaudited quarterly financial statements
 - Quarterly Financial Reports

- Audited financial statements of Columbia Association, Inc. (as of April 30, 2015) and of the Incentive Savings Plan (as of December 31, 2014)
- Review and recommend that the Board approve the fiscal year 2015 IRS Forms 990 (Return of Organization Exempt From Income Tax) and 990-T (Exempt Organization Business Income Tax Return).
- Review the results of internal and external audits and investigations performed.
- Monitor the ethics hotline and the status of any significant ethics allegations and investigations.
- Recommend the appointment of an external audit firm for the fiscal year 2016 independent audits of Columbia Association, Inc. and the Incentive Savings Plan's financial statements.

**Tracking Form - Audit Committee
Open Meeting Items**

Open agenda #9

	Submitted to Committee by (name):	Date sent to Committee	Description of Topic	Action to be Taken	Date Due to AC	Extensions	Revised Due Date to AC	Item Complete? (Y/N)
1	Mr. Stack	6/23/2014	Various questions regarding the FY14 4th quarter Financial Report	Several staff members will respond; answers will be compiled in one memo to the Board.	6/30/2014	-	-	Y - Responses emailed by S. Krabbe on 6/27/14.
2	Mr. Schwind	6/23/2014	Amend the FY14 4th quarter Financial Report to include an explanation of the discount amortization adjustment and its impact on membership revenue in FY13 and FY14.	S. Krabbe to amend.	Sept. 2014 AC meeting	-	-	Y - Amended Financial Report was posted on CA's website on 6/27/14.
3	Mr. Young	6/23/2014	Provide the amount of unamortized discount scheduled to amortized each year until it is fully amortized.	P. Papagjika to provide.	Sept. 2014 AC meeting	-	-	Y - See memo from P. Papagjika attached (Sept 2014 AC agenda/backup)
4	Various AC members	6/23/2014 & 7/23/2014	Provide unfiltered membership data in order to evaluate membership trends. Also provide market penetration data, including raw numbers (numerator/denominator). Prepare a cover memo explaining the data and any assumptions/methodology used to compile the information.	V. Barnard to provide. J. Tuma to review.	7/31/14 (from V. Barnard to J. Tuma). Sept 2014 AC meeting (from V. Barnard to Audit Committee).	-	-	Y - See agenda item #6 (9/10/14). Note: Bold items reflect updates made during July 2014 AC Mtg.
5	AC members	7/23/2014	Revise Note 15 in CA's FY14 audited financial statements to explain that a state of Maryland grant was assigned to Inner Arbor Trust subsequent to 4/30/14.	S. Krabbe to amend.	7/31/2014	-	-	Y - Done.
6	AC members	9/10/2014	Modify several items in the membership data reports (specifics are listed in the minutes).	Ms. Barnard to coordinate.	Dec. 2014 AC meeting.	-	-	Y - Done.
7	Mr. Schwind	12/10/2014	In the <i>Breakdown of Complimentary and Discounted Memberships by Quarter</i> graph in the Financial Reports, include the number of memberships that are <i>receiving</i> a senior discount.	Ms. Heim Ms. Barnard to coordinate.	Financial Reports beginning FY15 3rd qtr.	-	-	Y - The graph was revised (excludes senior discount data); a footnote explains that efforts are being taken to provide the information at a future date.

**Tracking Form - Audit Committee
Open Meeting Items**

	Submitted to Committee by (name):	Date sent to Committee	Description of Topic	Action to be Taken	Date Due to AC	Extensions	Revised Due Date to AC	Item Complete? (Y/N)
8	Mr. Schwind	12/10/2014	Factors contributing to membership trends on the <i>Membership Plan Detail</i> chart (in the Financial Reports) should be quantified and explained in a footnote.	Ms. Heim Ms. Barnard to coordinate.	Financial Reports beginning FY15 3rd qtr.			Y - Notes explaining membership trends are included.