



November 29, 2016

To: Members of the Audit Committee
Reginald Avery
Janet Evans
Edward Berman
James Young

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

From: Nancy McCord, Audit Committee Chair

The Audit Committee of the Columbia Association, Inc. Board of Directors will meet on December 5, 2016 at the Columbia Association Building, 6310 Hillside Court, Columbia, MD 21046 at 7:30 p.m.

AGENDA

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| 1) Call to order | 1 min |
| 2) Approval of agenda | 2 min |
| 3) Resident speakout | 5 min |
| 4) Approval of minutes: September 12, 2016 | 5 min |
| 5) Review of financial documents: | 20 min |
| a) FY17 second quarter Financial Report | |
| b) FY17 second quarter financial statements | |
| 6) Motions to recommend Board action (no backup) | 5 min |
| a) Motion to provide the FY17 second quarter Financial Report to the Board of Directors | |
| b) Motion to provide the FY17 second quarter financial statements to the Board of Directors | |
| 7) Discussion: Rotation of independent audit firm's partner every five years | 10 min |
| 8) 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, iv) (no backup) | 72 min |
| 9) Committee tracking form (open meeting) | 5 min |
| 10) Adjournment – 9:35 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.



September 26, 2016

**MINUTES
AUDIT COMMITTEE MEETING
Held: Monday, September 12, 2016**

Participants: Nancy McCord, Audit Committee Chair
Reginald Avery, Audit Committee
Janet Evans, Audit Committee
James Young, Audit Committee
Milton W. Matthews, President/CEO
Jackie Tuma, Chief Staff Liaison and Director of Internal Audit

Ms. McCord called the meeting to order at 7:30pm.

Mr. Avery moved to approve the agenda and Ms. Evans seconded. The agenda was approved with a vote of 4-0-0.

For: Ms. McCord, Ms. Evans, Mr. Avery and Mr. Young
Against: None
Abstain: None

There were no "resident speakout" requests.

Mr. Avery moved to approve the draft minutes from the June 27, 2016 meeting and Ms. Evans seconded. The minutes were approved as presented with a vote of 1-0-3.

For: Ms. McCord
Against: None
Abstain: Ms. Evans, Mr. Avery and Mr. Young (did not attend the meeting on June 27, 2016)

Mr. Avery moved to approve the draft minutes from the July 27, 2016 meeting and Ms. Evans seconded. The minutes were approved as presented with a vote of 3-0-1.

For: Ms. McCord, Ms. Evans, and Mr. Avery
Against: None
Abstain: Mr. Young (did not attend the meeting on July 27, 2016)

DRAFT

Ms. Susan Krabbe, Vice President and Chief Financial Officer, presented the FY17 first quarter Financial Report. Staff responded to questions from the committee. Ms. Krabbe will provide a response to Mr. Young's question regarding the year-to-date budget variance for payroll taxes expense as compared to the corresponding variance for salaries and wages expense.

Mr. Young moved to provide the FY17 first quarter Financial Report to the Board of Directors. Mr. Avery seconded. The motion passed with a vote of 4-0-0.

For: Ms. McCord, Ms. Evans, Mr. Avery and Mr. Young
Against: None
Abstain: None

Ms. Krabbe presented the FY17 first quarter financial statements. Staff responded to questions from the committee.

Ms. Young moved to provide the FY17 first quarter financial statements to the Board of Directors. Ms. Evans seconded. The motion passed with a vote of 4-0-0.

For: Ms. McCord, Ms. Evans, Mr. Avery and Mr. Young
Against: None
Abstain: None

Ms. Krabbe presented the IRS Form 990 (Return of Organization Exempt From Income Tax) for the fiscal year ended April 30, 2016. With regard to the one transaction involving an "interested person" (listed on Schedule L), Mr. Young requested that additional language be added stating that there was no activity which impacted the financial relationship between the interested person and Columbia Association. Mr. Young also suggested that an annual survey of officers, directors and key employees be conducted to identify and document all family or business relationships between officers, directors, and key employees. (Any such relationships are required to be listed on Schedule L in the Form 990.)

Ms. Avery moved to recommend that the Board of Directors approve the IRS Form 990 for the fiscal year ended April 30, 2016. Mr. Young seconded. The motion passed with a vote of 4-0-0.

For: Ms. McCord, Ms. Evans, Mr. Avery and Mr. Young
Against: None
Abstain: None

At 8:30pm, Mr. Young moved to close the meeting pursuant to HOA Section 11B-111.(4)(i, iv) to review several internal audit reports and for consultation with staff personnel on legal matters. Ms. Evans seconded the motion. The motion passed with a vote of 4-0-0.

For: Ms. McCord, Ms. Evans, Mr. Avery and Mr. Young
Against: None
Abstain: None

DRAFT

The meeting continued in closed session.

At 9:15pm, the open meeting reconvened.

The committee reviewed the open tracking form.

At 9:16pm the meeting was adjourned by unanimous consent.



Date: November 28, 2016

To: Members of the Columbia Association Audit Committee

From: Jackie Tuma, Chief Staff Liaison

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

Re: Second quarter Financial Report and financial statements

The backup for agenda items #5a and #5b (FY17 second quarter Financial Report and financial statements) will be provided by Susan Krabbe prior to the Audit Committee meeting.



November 10, 2016

To: Members of the Columbia Association Audit Committee

From: Susan Krabbe, Vice President and Chief Financial Officer

Cc: Milton W. Matthews, President/CEO
Jackie Tuma, Director of Internal Audit

Re: Audit Partner for 401(k) Audit

CA has voluntarily complied with certain provisions of the Sarbanes-Oxley Act that are required only for for-profit or publically held companies, including rotating the lead audit partner every five years. It is time for that rotation again, for the fiscal year 2017 audit.

I would like to request that we retain Dan Kenney as the lead partner for the 401(k) audit, because he is the only partner in CohnReznick's Baltimore office that handles 401(k) audits. If we were to rotate partners on that audit, the audit would shift to the D.C. office. CA would then have two different audit teams, one for the financial statement audit and one for the 401(k) audit. This would be more challenging for staff and less efficient overall, as the audit team can work on both audits simultaneously as they have time and as the CA-prepared materials are made available to them.

I would be happy to discuss this at the December 5 Audit Committee meeting. It would be helpful to know at that time whether or not the Committee will approve this request, so that we can plan accordingly.

**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)
1	Mr. Schwind	3/7/2016	Provide greater detail about Administrative Department initiatives in the Financial Report cover letters.	Ms. Krabbe to provide.	June 2016 AC meeting	-	-	Y - Done, per S. Krabbe.
2	Mr. Young	3/7/2016	Provide the financial impact of the February 2016 snow storm including actual costs for snow removal.	Ms. Krabbe to provide.	June 2016 AC meeting	-	-	Y - Done. Attached to the tracking log provided with the backup materials for the June 2016 meeting.
3	Mr. Young	7/27/2016	The 401k investment committee should report to the AC on the plan's investments, per note 1 of the audited financial statements for the year ended 12/31/15.	Ms. Krabbe to provide.	By April 30, 2017			
4	Mr. Young	9/12/2016	Provide an explanation for the year-to-date budget variance in payroll taxes expense as compared to the corresponding variance in salaries and wages expense.	Ms. Krabbe to respond.	December 2016 AC meeting			Y - Done via email communication from Ms. Krabbe to AC members on 11/9/16.
5	Mr. Young	9/12/2016	Add additional language on Schedule L of the IRS Form 990 regarding the itemized transaction with an "interested person."	Ms. Krabbe to add statement to return.	September 15, 2016 (deadline for filing return)	-	-	Y - Done.