

Attendees

Raul deBrigard, Treasurer      Hooker Talcott  
Tim Keeney                              Liz Austin  
Andrew Fisk                              Phil Girton                              Dana Gillette

The committee reviewed and acted on the three agenda items following discussion on each.

AGENDA

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|---|-------------|
| 1. Review draft audit / form 990          | DECISION    |
| 2. Review financials (Q1) / endowments    | INFORMATION |
| 3. Review draft fiscal sponsorship policy | DECISION    |
| 4. Update on UBS / Lehman settlement      | INFORMATION |

Item 1. The Committee reviewed and discussed the draft financial statements, but did not yet have the draft Form 990. The discussion focused on the presentation of the value of the Shaub Loan, which appears as \$434,375 and as “Due from Unrestricted Net Assets”; the Statement of Functional Expenses, and the presentation of the Council’s land holdings.

The Committee asked that the auditor respond to whether the amount due on the Shaub loan should in fact be lower in 2013 than 2012 as the fund has grown in value beyond what we have taken as earnings, given the Board’s strategy of repaying the loan via fund growth and principal repayment until the fund reaches \$1.1MM.

The Committee also discussed the cost allocation with several questions for the auditor regarding the total fundraising expenses being different between Phil’s numbers and the auditors and whether some costs associated with the Office Manager’s position can be reasonably allocated to Program instead of Administration.

Finally there was some discussion about determining the valuation of our land holdings. Last year staff had flagged working with the auditor to determine the value of the property holdings, but this project did not happen this year. There was consensus this is a project to pursue, pending some remaining questions on methodology, but it is lower priority.

Staff will follow up with the auditor and Raul will be available to handle questions or followup. Subject to addressing the above items, the Committee agreed to have the audit presented to the Board for review and approval on the 15<sup>th</sup>.

Item 2. Staff reviewed the financials as of mid-October and noted things appear to be on track in terms of contributed support income received given the time of year and that the grant goal appears to be slightly ahead of pace for those grants that will cover our operating costs. We have also kept pace on pulling down the endowment income and unrestricted endowment principal authorized by the budget. Cost centers appear roughly on track. Staff will be working shortly to develop a cash flow tracking tool that will allow budget analysis to become more sophisticated considering when revenue and expenses actually occur throughout the year.

Raul asked that the budget v actual report get refined so that it is clearer to see the detail on the grants and contract line item. Currently that line captures funds to be used for CRWC operations as well as pass-thru for engineering, dam removal, and other professional services. All agreed this was an important improvement and Phil indicated he would be able to make that change following some getting some information from Andy.

The Committee reviewed the summary Endowment reports and was pleased to see rate of growth well in excess of the agreed upon 5% withdrawal rate for expenses. It was agreed that these interim reports should be presented to the Trustees for their information

Item 3. Following some detailed conversation the Committee recommended this policy to be advanced to the full board for their consideration and adoption. The Committee suggested several changes to the document that will be incorporated into the draft. They are:

- A statement that organization's being sponsored remain legally liable for their conduct and actions. There is language in the existing sponsor contract that will be used in the policy.
- Clarify statement that CRWC will not front organizations funds or consider proposals that rely on CRWC being reimbursed.
- Require groups to keep their own records of transactions in addition to what CRWC maintains.
- Require groups to provide a regular report on their project to CRWC
- Clarify that CRWC fee is based on the project budget, not a group's annual budget necessarily. Fee is taken on all funds taken in by CRWC for organization.
- Require that groups document all expenses, including the use of timesheets or payroll records and maintain these for their records.
- Clarify that a group may request a statement at any point, but that the CRWC Finance Director will annually reconcile and report on the project's account.

Item 4. The Committee was comfortable with staff filing for inclusion in the latest Lehman Brothers settlement. This is due by February 2014.

Prepared by: Andrew Fisk  
Reviewed by: Raul deBrigard  
November 6, 2013