**Tuberous Sclerosis Alliance**

**Audit Committee Meeting Minutes**

**March 24, 2017**

*Approved June 13, 2017*

In Attendance:

**Voting Committee Members:** Mike Caggiano (Chair), Julie Scroggins

**Non-voting Committee Member:** Steven Goldstein

**Staff:** Kari Luther Rosbeck, Rich Gollub

**Additional Participants:** Larry Hoffman, Rich Ruvelson and Tom Parisi from Bond Beebe

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With a voting quorum established, Mike Caggiano called the meeting to order at 2:32pm.

**Approval of the October 14, 2016 Audit Committee Meeting Minutes**

A motion was made to approve the October 14, 2016 Audit Committee meeting minutes as written (*Scroggins,* *Caggiano*). *The minutes were approved without dissent.*

**Presentation of Draft Audit and Form 990s by Rich Ruvelson, Tom Parisi and Larry Hoffman (of Bond Beebe)**

Rich Ruvelson reviewed highlights of the 2016 TS Alliance Form 990. He pointed out a number of strengths of the return, including the positive responses we were able to provide for the numerous governance questions, the large number of volunteers as an indicator of the breadth of public support, the in-depth descriptions of program activities, and having program spending account for more than 70% of functional expenses on the Statement of Functional Expenses. He also discussed the relationship of the TS Alliance and the Endowment Fund, with the Endowment Fund being a Type II supporting organization to the TS Alliance. He described the three different types of supporting organizations. This year’s return provides additional details regarding the many ways in which the operations of the organizations overlap, demonstrating how the organizations function under the Type II guidelines. It was suggested to consult with an attorney to ensure that the corporate documents of both organizations accurately reflect the overlapping functions of the two organizations.

Tom Parisi reviewed the 2016 TS Alliance Endowment Fund Form 990, pointing out that the great majority of the return is very similar to the prior year return with the exception of how salaries were allocated between the two organizations. Bond Beebe felt that all salaries should be reflected on the TS Alliance return, rather than being apportioned between the two tax returns, since the TS Alliance acts as the sole paymaster and no salary expense is recorded on the Endowment Fund’s books.

Larry Hoffman reviewed the draft 2016 consolidated audited financial statements. He felt that the audit process went smoothly and that they expected to issue an unmodified opinion in his firm’s audit report, providing the highest level assurance that the consolidated financial statements present fairly the financial position and changes in net assets and cash flows of the two organizations for 2016. He walked the Committee through the statements and related notes, noting the health of the organizations’ statement of financial position, and the strong liquidity demonstrated by the ratio of current assets to current liabilities. He remarked that the organization was one of the better organized non-profits that he has observed in his accounting experience over the past 40 years. The auditors did not expect to issue a management letter in addition to the normal required auditor-client communications letter.

Steven Goldstein mentioned that this year his CPA firm has been including language financial statement notes of many of his non-profit clients, describing the new accounting pronouncements that will be taking effect and impacting non-profits beginning in 2018. Larry Hoffman explained that some clients have opted for added language describing the upcoming reporting changes while others prefer not to include the future accounting changes in their 2016 financial reports. Larry and Steven offered to provide examples of sample language that their respective firms have used and could be included. Mike Caggiano agreed to review the language and within the coming days determine if it should be included in the audit notes or provided in another manner to the Board. Larry Hoffman discussed these changes at last October’s Audit Committee meeting and offered to go into additional details on the upcoming changes at a future meeting if the Committee so desires.

A motion was made to approve both Form 990 tax returns, and the consolidated audited financial statements (*Caggiano/Scroggins*). *The motion was approved without dissent.*

The Committee provided Larry Hoffman with the option of going into executive session without the presence of the President & CEO and/or the Controller & CFO, but Larry explained that there was nothing else to add in an executive session that hadn’t already been discussed. So, no executive session was held.

**Adjournment**

There being no further business, Mike Caggiano moved to adjourn the meeting. With no objections, the meeting was adjourned at 3:39 pm.

Respectfully submitted,

Rich Gollub

Controller & CFO