

**TSC Alliance
Audit Committee Meeting Notes
June 27, 2022
Approved 10/21/22**

In attendance:

Audit Committee: Steven Goldstein, David Coit, Tara Zimmerman

Staff: Cynthia Arcuri, Kari Rosbeck

Welcome and Approval of the Minutes from the March 30, 2022 Audit Committee meetings

Steven Goldstein called the meeting at 5:02 p.m. ET. Committee reviewed the Audit Committee Meeting Minutes from March 30, 2022. *Coit* motioned to approve the meeting minutes. *Zimmerman* seconded the motion. *The minutes passed without dissent.*

Discussion of CPA Firm to Perform the 2022 Consolidated Financial Statement Audit and Prepare the Tax Returns of the TSC Alliance and TSC Alliance Endowment Fund

Steven has discussed the CPA firm, RSM, with Kari and Cynthia. RSM informed us with staffing shortages they need to release us as a client. Cynthia was able to secure one more year with the transition of Rich to Cynthia of CFO. Susan Colladay advocated to keep us on for 2022 given this transition but for an increased cost to \$35,000.

Steven added that any new auditor would have to audit the balance sheet from prior period. Any Audit firm would charge an additional fee. The other thing we discussed was going into the marketplace with a call for proposals for a new auditor. Due to the pandemic, we are no longer constrained by geography and could look at Midwest firms, where costs are lower.

Steven recommended keeping RSM for one more year then to conduct a search. When we do budget for next year audit and tax fees will go up in 2024. Steve suggested asking Susan firms she recommended would be a good fit for us.

Goldstein motioned to approve the increase by RSM (\$42,350) for TSC Alliance and Endowment Fund financial statement and tax return and secure them as Auditors for 2022. *Zimmerman* seconded the motion. *The motion was approved without dissent.*

ACTION ITEMS: Alert Executive and Finance Committee of this change. Schedule call with Susan Colladay to recommend a firm for the future. Steven to ask partner at Grassi also for a recommendation. Tara will ask her Executive Director for recommendations from previous auditor as well.

Update on NIST Assessment and Incident Response Plan draft

Cynthia reviewed the NIST assessment and current update. Ones in green have been completed, one in pink in process and one in yellow (Incident Response Policy) was attached to the meeting invite.

This policy goes through detail internally (CFO, Executive Assistant) along with Optimal. Steven suggested that we review on an annual basis and how we are mitigating risk and cybersecurity.

Goldstein motioned to approve the Incident Response Policy. Discussion followed and the Committee asked that we have more time to review. The Committee agreed to take an email vote in one week (July 6) for a vote.

Kari mentioned Robert Sullivan, who works in Cybersecurity, and has offered some guidance to us in reviewing vendor reports. David suggested we share the policy with Rob prior to the vote as well.

Progress of the 2022 Audit Committee Goals and Suggested Changes for 2023 Goals

Status of 2022 Goals:

1. Select and engage an audit firm staying within the GAAP regulations regarding independence.
 - a. *We will engage RSM for the 2022 audit and tax returns.*
2. Assist management in designing and implementing of programs and controls to prevent and detect internal and external fraud.
 - a. *Have engaged external technology company to perform testing to ensure technology is secure and less exposure to external fraud. Internally, TSC Alliance has many controls in place to mitigate risk of fraud.*
3. Review footnotes of the financial statements for 2022 particularly regarding estimates used by management.
 - a. *Will review internally and with auditors.*
4. Review the Form 990 for the most beneficial presentation for third-party ratings of the organization, staying within IRS regulations.
 - a. *Will review internally and with tax accountants and auditors.*
5. Inform and help support the organization's efforts to implement FASB changes accounting standards.
 - a. *Will research and implement with assistance from auditors.*
6. Review the calendar with CFO and auditors to adhere to milestone dates for timely filing of the audit and Form 990.
 - a. *Will review internally and with auditors during audit planning phase.*
7. Keep general membership and Board informed of accounting updates during the year.
 - a. *Will be reflected in monthly CEO reports.*
8. Assist management in the mitigation of cyber risk through the implementation of NIST recommendations to strengthen internal controls.
 - a. *Testing has occurred and is ongoing. Policies are being drafted.*

2023 Draft Goals

1. Select and engage an audit firm staying within the GAAP regulations regarding independence.
2. Assist management in designing and implementing of programs and controls to prevent and detect internal and external fraud.

3. Review footnotes of the financial statements for 2023 particularly regarding estimates used by management.
4. Review the Form 990 for the most beneficial presentation for third-party ratings of the organization, staying within IRS regulations.
5. Inform and help support the organization's efforts to implement FASB changes accounting standards.
6. Review the calendar with CFO and auditors to adhere to milestone dates for timely filing of the audit and Form 990.
7. Keep general membership and Board informed of accounting updates during the year.
8. Assist management in the mitigation of cyber risk through the implementation of any remaining NIST recommendations to strengthen internal controls based on prioritization by Audit Committee.
9. Identify a prospective Audit Committee Chair for term beginning after 2025.

Future Meetings Schedule:

- 3rd Quarter meeting – Wednesday, September 7, 4:30 p.m. ET
- 4th Quarter meeting – October 21, 2022 - 10:30 AM ET

Other Business/Adjournment

There being no other business, *Goldstein* motioned to adjourn the meeting at 5:38 p.m. ET. *Coit* seconded the motion.

Respectfully submitted,
Cynthia Arcuri, CFO