

TSC Alliance
Audit Committee Meeting Notes
September 7, 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 June 27, 2022 Audit Committee meeting

Steven Goldstein called the meeting to order at 4:35 p.m. ET. Steven welcomed everyone and asked if everyone reviewed the meeting minutes. There being no comments, *Coit* motioned to approve the June 27, 2002 meeting minutes. *Zimmerman* seconded the motion. *The minutes passed without dissent.*

Follow up 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

Since our last meeting, the TSC Alliance had challenging news from RSM. They no longer can provide the audit services. We have a long history and this is very disappointing news. Cynthia, Kari and Steven have had discussions about fielding an RFP to 11 candidates – local and not so local firms. Since we are trying to have our audit fieldwork scheduled during an audit firm's busiest time of year, and the public accounting industry is experiencing a severe staffing shortage, we wanted to send RFPs to many different firms as we expect some will not have the capacity to even submit a proposal. We are in a difficult position and have to put the audit out for bid. We are going to aim to meet with candidates once they submit RFP at the October 21 audit committee meeting. Our goal is to make a decision by Halloween so we and the auditors can move ahead with the 2022 audit planning and to ensure the new auditors have time to review RSM's prior year workpapers.

The new CPA firm will need to do an audit of the balance sheet and possibly opening balance. To do that they need to coordinate with RSM. RSM will have to give permission and may bill us for their time. There may be significant work for the new firm. We are requesting a three-year proposal to give them time to smooth out their initial investment. This process of working with a new firm can be disruptive to the office as the new audit team is learning and getting used to our organization and schedules. The new firm may apply certain procedures that RSM passed on. RSM was too big of a firm for an audit fee of our size.

The list of firms we are sending the RFP include:

- Ellin & Tucker
- Maher-Duessel
- Calibre
- Johnson Lambert
- CLA
- Gross Mendelsohn
- YHB
- GRF
- SC&H
- Eide Bailly
- C.E.A. Scholtes & Associates

Tara Zimmerman later added that Eide Bailey had charged her present employer \$15,000 and Tara served on a local board, Justin Hope Foundation, with a partner, Beth Farley. Tara is happy to make introductions for Cynthia.

Updated Incident Response Plan Draft for Review and Approval

Cynthia shared a follow-up to the incident response plan presented at last meeting. The last plan had more information about what our IT company would do behind the scenes. We reviewed with Robert Sullivan, TSC parent who works in cyber security. As a result, we shortened the plan around what we would be doing, our employees, if there was a breach of our security and how we would do to respond. IT (Optimal) will work behind the scenes and give us a report. Cynthia and Rachel Wojnilower would be the point people for staff along with Optimal Networks.

Committee liked that it included a post incident meeting. The policy would be shared with all employees internally and Steven encouraged sharing with the new audit firm.

Zimmerman motioned to approve the incident response plan. *Coit* seconded the motion. *The motion passed without dissent.*

Review and Approval of 2023 Audit Committee Goals

Draft goals were discussed at the last meeting and included:

- I. Select and engage an audit firm staying within the GAAP regulations regarding independence.
- II. Assist management in designing and implementing of programs and controls to prevent and detect internal and external fraud.
- III. Review footnotes of the financial statements for 2023 particularly regarding estimates used by management.
- IV. Review the Form 990 for the most beneficial presentation for third-party ratings of the organization, staying within IRS regulations.
- V. Inform and help support the organization's efforts to implement FASB changes accounting standards.
- VI. Review the calendar with CFO and auditors to adhere to milestone dates for timely filing of the audit and Form 990.
- VII. Keep general membership and Board informed of accounting updates during the year.
- VIII. 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.
- IX. Identify a prospective Audit Committee Chair for term beginning after 2025.

Committee members had no further changes. *Goldstein* motioned to approve the 2023 Audit goals. *Coit* seconded the motion. *The motion passed without dissent.*

Next Meeting

- 4th Quarter meeting – October 21, 2022 - 10:30 AM ET, at the TSC Alliance Office: 8737 Colesville Road, Suite 400, Silver Spring, MD 20910

Other Business

Steven mentioned that the committee may need to have additional time for audit firm interviews so we can get a feel of potential firms. Late in the day is best for Steven. David has time in the afternoon and after the board meeting on October 21 and Tara may be by Zoom and available.

There being no further business, *Goldstein* made a motion to adjourn the meeting at 4:58 p.m. ET. *Coit* seconded the motion.