

MORAGA COUNTRY CLUB • HOMEOWNERS ASSOCIATION
AUDIT COMMITTEE

MINUTES OF THE MEETING

January 21, 2025 • 9:00 AM, Board Room

I. Call to Order – Establish Quorum

Chair, Ralph Nefdt, called the meeting to order at 9:00 a.m. A quorum was established.

Members Present: Ralph Nefdt, Chris Toohey and Dan Salah
Absent Members: None
Staff Present: Eric Jacobsen, Teresa Belfanti and Christina French
Others Present: Bret Brodowy, Treasurer and Bill Erlanger, external auditor

Chair, Ralph Nefdt, reviewed the agenda and noted the addition of an executive session with the auditor prior to adjournment.

II. Approval of Minutes – Audit Committee Meeting September 23, 2024

III. Old Business

A. ASC 606 matter. The meeting reviewed the status of the unresolved concerns that had previously been discussed in some detail at the July 8, 2024 Audit Committee meeting.

The meeting noted that:

- Management and the Board had declined to engage CBIZ to assist management in this matter. Instead, the Board had asked Ralph Nefdt (in his personal capacity) to prepare a technical memorandum. That draft technical memorandum and an accompanying memorandum describing errors in the 2023 financial statements were previously distributed to the Board, to the Audit Committee, to management and to the auditor with requests for feedback. No relevant specific feedback was received. (The draft memos are to be attached to these minutes).
- The auditor and management indicated that they continue to believe no error exists in the prior financial statements, without offering a detailed technical analysis to support that position.

The Audit Committee resolved to specifically recommend to the Board that CBIZ (or a similarly qualified third party) be engaged to assist management in developing a suitably constructed and documented accounting policy to address the ASC 606 matter.

To be clear, both Nefdt and the auditor expressed a willingness to receive the input of such third party.

IV. New Business

A. Audit Process and Timeline. The meeting reiterated its request for at least two formal meetings with the auditor. The first (i.e. this meeting) prior to completion of field work and the second upon completion of the audit but before issuance of the final report.

- B. Management to prepare a calendar of events for the 2024 audit cycle. Subsequent Audit Committee meeting dates to be determined in due course.
 - C. The meeting briefly reviewed the roles and responsibilities of the Audit Committee, management and the auditor, particularly as it relates to the Association's financial statement. Noted that the "management representation letter" required by the auditor should be signed by management (General Manager and Finance Director).
 - D. The meeting noted that the draft tax return to be prepared by the auditor would be distributed to the Audit Committee in advance of the next meeting.
- V. **Board Liaison Report – Ralph Nefdt** updated the committee on recent items discussed by the Board of Directors including discussion about the pending approval of another member of the committee
- VI. **Requested Board Action** – Approve engagement of a third party to assist management on ASC 606 technical accounting policy development and documentation.
- VII. **Next Meeting – TBD**
- VIII **Executive Session** – The members of the Audit Committee met with the auditor privately
- VIII **Adjournment** – The meeting was adjourned at approximately 10:30 AM

Minutes Prepared by Ralph Nefdt