

Advancing California Finance Authority

Governing Board

November 19, 2020

Agenda Item 8.a.

ABAG Finance Authority for Nonprofit Corporations

Subject: Report on the Fiscal Year (FY) 2019-20 ABAG Finance Authority for Nonprofit Corporations (FAN) Audit Results and Required Communications and the FY 2019-20 ABAG FAN Financial Audit

Background: Staff requests approval of the Financial Statements for the fiscal year ended June 30, 2020 for the ABAG FAN. The financials are prepared by MTC finance staff and are audited by Crowe, LLP. Crowe, LLP was selected to be the outside independent auditor by the Governing Board during FY 2019, and this is the first year of their five-year audit contract. In addition to approval of the Financial Statements, staff recommends reappointment of Crowe LLP, as the independent audit firm for FY 2021.

The attached Financial Statements for ABAG FAN represent the yearend financial picture for FY 2019-20. The report is broken down to the following sections:

- Independent Auditors Report which contains the audit opinion (p. 1).
- Basic Financial Statements for the fiscal year (p. 3)
- Notes to the Financial Statements containing information on the reporting entity and accounting practices utilized in the preparation of the report (p. 10)
- Other Supplementary Information (p.18)

The ACFA Governing Board accepted responsibility for the financial management of ABAG FAN during FY 2020 including responsibility for review and approval of the annual financial statements.

Financial Highlights

Overall, ABAG FAN had a successful year, particularly agreeing to transfer \$1 million from the operating reserve and allowing ABAG to retire the last of the outstanding OPEB liability.

- ABAG FAN had a slight operating loss of \$134,781 before transfer to ABAG caused by extraordinary legal fees required to facilitate the transition of administrative responsibility from the FAN Executive Committee to ACFA

Advancing California Finance Authority

Governing Board

November 19, 2020

Agenda Item 8.a.

ABAG Finance Authority for Nonprofit Corporations

- Cash dropped from \$4.1 million to \$3.1 million as a result of ABAG transfer
- Revenue was just under \$1.0 million and down nearly \$60,000 because there were no new deals and no closing fees
- The reserve remains above \$3.1 million which should be adequate to cover the fund as administration fees wind down

FY 2020 marked two important events for ABAG FAN, the transfer of administrative authority to ACFA as well as the \$1 million contribution to ABAG to help settle accumulated OPEB liabilities. Even with the transfer, staff believes ABAG FAN retains the financial resources to maintain a viable fund as the existing financing issues and associated administrative fees wind down.

Staff requests approval of the ABAG FAN Financial Statements for the year ended June 30, 2020 and the reappointment of Crowe, LLP as the independent auditor for FY 2020-21.

Issues:

None

Recommended Action:

The ACFA Governing Board is requested to approve the ABAG FAN Financial Statements for the year ended June 30, 2020 and the reappointment of Crowe, LLP as the independent auditor for FY 2020-21.

Attachments:

- A. ABAG FAN Audit Results and Required Communications
- B. ABAG FAN Management Letter with Management Responses
- C ABAG FAN Financial Statements

Reviewed:



Therese W. McMillan