



Meeting Agenda and Documents
Portland, Maine
June 8, 2017

Gulf of Maine Association Board of Directors Meeting

(All times are EDT)

Thursday, June 8, 2017 7:30-8:30 a.m. EDT University of Southern Maine, Abromson Center, 88 Bedford Street, Rooms 214-215, Portland, ME Call In Information: 1 866-506-7697; Passcode: 9500660#		
7:30 PM	Welcome and Introductions <i>W. Donald Hudson, Chair</i>	
7:35 PM	Consent Agenda December 8, 2016 Gulf of Maine Association Meeting Summary	✓ For Approval (p. 2-4)
7:40 PM	July 2016 – June 2017 Budget vs. Actual (Estimate) and Audit Decision <i>Cynthia Krum, Executive Director</i>	✓ For Approval/Decision Budget vs. Actual Included with GOMA Financial and Scope of Work Documents; Audit Decision (p. 4-5)
7:45	Canadian Association Financial Report at March 31, 2017 <i>Peter McLaughlin, Canadian Association Secretariat</i>	✓ For Approval See Canadian Association Report as separate document
7:50 PM	July 2017 – June 2018 GOMA Operating Budget and Associated Contractor Scope of Work Documents <i>Cynthia Krum, Executive Director</i>	✓ For Approval (p. 6) Included with GOMA Financial and Scope of Work Documents
8:00 PM	Report/Discussion on GOMA Transition <i>W. Donald Hudson, Chair</i> <i>Cynthia Krum, Executive Director</i>	✓ For Information and Direction (p. 7)
8:25	Other Business/Items Removed from Consent Agenda/ Conflict of Interest Policies	✓ Documents needing signatures
8:30 PM	Recess	

Consent Agenda

Gulf of Maine Association Meeting Briefing Note					
Title of Agenda Item: December 8, 2016 Gulf of Maine Association Meeting Summary					
Submitted by: Cynthia Krum					
Type of Item (place X in appropriate box)	For Decision	X	For Direction	For Information (internal GOMA)	For Information (External)
<p>Meeting Summary for the Gulf of Maine Association Meeting Held via Teleconference December 8, 2016 9:00 PM EST</p> <p>Board of Directors members in attendance: Steve Couture (proxy from Thomas Burack); Theresa Torrent (proxy from Kathleen Leyden); Don Hudson; Priscilla Brooks; Bruce Carlisle, Ru Morrison, Peter McLaughlin (proxy from Perry Haines), Lee Sochasky</p> <p>Board members not in attendance: None</p> <p>Contractor support: Cynthia Krum</p> <p>Others in attendance: Randy Libby, Tonya Libby, David Shorette</p> <p><u>Consent Agenda</u> A. June 22, 2016 Gulf of Maine Association Meeting Summary Approval of the consent agenda was: Moved: Lee Sochasky Seconded: Steve Couture No Discussion Unanimously approved</p> <p><u>A. FY 15-16 Audit Presentation, Annual Management & Administrative Fee Discussion and Approval, and Discussion of need for FY 17 Audit</u></p> <p>1. FY 15-16 Audit: Randy Libby did a brief presentation of the audit. He stated that the auditor's opinion is that everything is in good shape. He explained that receivables are greater than liabilities which is a good position. As he walked through each page quickly he explained that there are no permanently restricted funds as most income is spent on programs. A motion was put on the table to approve the FY 16 audit Moved: Don Hudson Seconded: Ru Morrison No Discussion Unanimously approved</p> <p>2. FY 16-17 Audit Discussion: Randy Libby explained the difference between a compilation, review and full audit. It was decided that for the FY 16-17 audit that the board would like the cost for a Review put into FY 17-18 budgets. It was explained that this would raise the budgeted operating shortage to approximately \$9000. The board discussed that over time there would not be funds available to cover the audit. They will determine at a later date what they want auditor involvement to be for FY 17-18.</p>					

Action: Cindy will get the estimate of cost for a review and a full audit. She will put the cost for the review in the FY 17-18 budget and plan for contractor time to carry that out. The cost for the full audit will also be presented to the board in June, 2016.

3. Administrative Fee: Cindy explained that there were two administrative fee rates calculated and presented with the audit. One included Council Coordination as a management and administrative fee expense and one that did not include Council Coordination (GOMA Management and Administrative expense was included in both calculations). The recommendation was to average the two numbers to set a rate of 16.87%.

A motion was put on the table to approve the new administrative rate of 16.87 % to go into effect December 9, 2016 on new funding.

Moved: Don Hudson

Seconded: Steve Couture

No Discussion

Unanimously approved

B. Budget vs. Actual Report, FY 17 Revised Budget, FY 18 Budget Estimate, GOMC Dues Report, Canadian Association Financial Report, and Additional Contractor Scopes of Work

1. The 2016-2017 Budget vs. Actual Report was reviewed. It was pointed out that it was right on track with 35% of the funds spent over the first 4 months of the fiscal year.

A motion was put on the table to accept the budget vs. actual report and revised budget:

Moved: Lee Sochasky

Seconded: Peter McLaughlin

Discussion: None

Unanimously approved

2. The Revised FY 16-17 Budget was presented. Cindy pointed out that the only additional funding included in the budget since June, 2016 is the current year portion of the ECCG Gulf of Maine Initiative grant that was contracted with the Canadian Association for three years at a total of \$155,028 CAD. This grant is managed by GOMA for the Canadian Association. The only portion of the dues that we are still waiting to receive are \$9,000 dues from Maine. All other dues funds have been received. If the Maine dues are not received, there will be funds needed from the unrestricted net assets to cover the Secretariat budget. Cindy explained that the budgeted operating shortage dropped from \$14,987 in budget approved in June, 2016 to \$6,837. This may be even more favorable as GOMA contractors are under budget to date. She also mentioned that any additional Contractor Scopes of work that were not provided in June, 2016 in support of the budget are included in the briefing packet materials.

A motion was put on the table to accept the revised budget:

Moved: Lee Sochasky

Seconded: Theresa Torrent

Discussion: None

Unanimously approved

3. The FY 17-18 Budget Estimate and the GOMC Dues Report were described briefly and provided for informational purposes. Cindy reviewed the numbers in the FY 17-18 budget and mentioned that they did not include an audit. She pointed out that the annual budget will most likely be under \$100,000.

4. The Canadian Association Financial Report was reviewed by the Board.

A motion was put on the table to accept the Canadian Association Financial Report:

Moved: Lee Sochasky

Seconded: Ru Morrison

Discussion: None

Unanimously approved

C. Gulf of Maine Association Workload Report

Cindy explained that to date the cut back in GOMA contracts has worked out fine. She expressed that

she has some concern about another major cutback for the next fiscal year, but anticipates with reduced funding that things will continue to be even more streamlined and there will be less work. Board members stated that they were satisfied with how easily the transition has taken place. There was also appreciation expressed regarding the contractor's loyalty to the Association.

D. Other Business

Lee Sochasky explained to the board that the nominations for all board positions and the nominations for the executive committee members do not currently line up. The board would be up for re-approved after a three-year term in June, 2019 and the Executive Committee would need to be re-approved after a three-year term in June, 2018. She recommended that we extend the officer appointments to June 2019.

Moved: Lee Sochasky

Seconded: Theresa Torrent

Discussion: Cindy named the current officers (W. Donald Hudson – Chair; Lee Sochasky - Vice Chair; Priscilla Brooks – Secretary; Steve Couture – Treasurer)

Unanimously approved

Meeting Adjourned at 10:00 AM EST

Meeting Summary prepared by Cynthia Krum, GOMA Executive Director

Actions, Outcomes or Decisions Requested (optional):

Approval

Action Agenda

Gulf of Maine Association Briefing Note Meeting Briefing Note					
Title of Agenda Item: Audit Decision					
Submitted by: Cynthia Krum and Purdy Powers (Auditing Firm)					
Type of Item <small>(place X in appropriate box)</small>	For Decision	X	For Direction	For Information <small>(internal GOMA)</small>	For Information <small>(External)</small>
Background (required): At the December, 2016 GOMA Board meeting it was determined that the cost for a review would be included in the 2017-2018 GOMA budget. It was also determined that the Board would make a final decision about a review versus a full audit at the June, 2017 meeting. Below is a document explaining audit options from Purdy Powers. Cost is added for the two options the Board is considering. The level of effort for the GOMA contractors is the same for a review or audit.					
Purdy Powers Document: Types of Financial Statements When CPAs prepare or assist in preparing financial statements, they are required under professional standards to issue a report on those financial statements. This report can be one of three types: * Audit report * Review report * Compilation report					
A Comparison Compiled Financial Statements represent the most basic level of service CPAs provide with respect to financial statements. In a compilation, the CPA must comply with certain basic requirements of professional standards, such as having a knowledge of the client's industry and applicable accounting principles, having a clear understanding with the client as to the services to be provided, and reading					

the financial statements to determine whether there are any obvious departures from generally accepted accounting principles. It may be necessary for the CPA to perform "other accounting services" - such as creating your general ledger, or assisting you with adjusting entries for your books - before the financial statements can be prepared. Upon completion, a report on the financial statements is issued that states a compilation was performed in accordance with AICPA professional standards, but no assurance is expressed that the statements are in conformity with generally accepted accounting principles. This is known as the expression of "no assurance." Compiled financial statements are often prepared for privately held entities that do not need a higher level of assurance expressed by the CPA.

Reviewed Statements (a review for the GOMA 2016 – 2017 fiscal year would cost \$4950) require that the CPA perform inquiry and analytical procedures in addition to the procedures they would do for a compilation. Upon completion, a report is issued stating that a review has been performed in accordance with AICPA professional standards, that a review is less in scope than an audit, and that the CPA did not become aware of any material modifications that should be made in order for the statements to be in conformity with generally accepted accounting principles, or if applicable, another comprehensive basis of accounting. This is known as the expression of "limited assurance." Reviewed financial statements are often prepared for entities that have bank loans, outside investors, or trade creditors, but those third parties do not require audited statements.

Audited Financial Statements (a full audit for the GOMA 2016 – 2017 fiscal year would cost \$6,500) are the product of a CPA's highest level of assurance services. In an audit, the CPA performs all of the steps indicated above regarding compiled or reviewed statements, but also performs verification and substantiation procedures. These verification and substantiation procedures may include direct correspondence with creditors or debtors to verify details of amounts owed, physical inspection of inventories or investment securities, inspection of minutes and contracts, and other similar steps. There is reliance on third party documents and evidence to corroborate the accounting records and management's representations. Also, the CPA gains a knowledge and understanding of the entity's system of internal control. Internal control walkthrough procedures are required; as is documenting internal controls. When the audit is completed, the CPA's standard audit report states that an audit was performed in accordance with generally accepted auditing standards, and expresses an opinion that the financial statements present fairly the entity's financial position and results of operations. This is known as the expression of "positive assurance."

Audit vs. Review

There are significant differences between the objectives of an audit of financial statements in accordance with generally accepted auditing standards and the objectives of a review in accordance with statements on standards for accounting and review services. The objective of an audit is to provide a reasonable basis for expressing an opinion regarding the financial statements taken as a whole. A review does not provide a basis for the expression of such an opinion because a review does not contemplate obtaining an understanding of the internal control structure or assess control risk, tests of accounting records and of responses to inquiries by obtaining corroborating evidential matter through inspection, observation or confirmation, and certain other procedures ordinarily performed during an audit. A review may bring to the accountant's attention significant matters affecting the financial statements, but it does not provide assurance that the accountant will become aware of all significant matters that would be disclosed in an audit.

Actions, Outcomes or Decisions Requested (optional):

- Confirm decision to do a Review
- Acknowledgement that unrestricted net assets are proposed for operating expense

Supporting Documentation (If applicable, list additional documents included in the Briefing Book following this Briefing Note):

None

**Gulf of Maine Association Briefing Note
Meeting Briefing Note**

Title of Agenda Item: July 2017 – June 2018 GOMA Operating Budget and Associated Contractor Scope of Work Documents

Submitted by: Cynthia Krum with review by GOMC Secretariat Team and GOMA Executive Committee

Type of Item (place X in appropriate box)	For Decision	X	For Direction	For Information (internal GOMA)	For Information (External)
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Background (required):

Fiscal Year 2017-2018 Proposed Operating Budget Overview

- Details on FY 2017-2018 Proposed Operating Budget
 - GOMC predicted direct expenses are \$70,119
 - Fiscal Agent predicted direct expenses are \$9,800
 - GOMA partial Management and Administration/Audit/O&D Insurance \$20,704
 - Total budget (including partial GOMA management and administration) is \$100,623.
 - Additional GOMA Management and Administration fees may be added into budget once decisions are made.
- Unrestricted Net Asset Balance
 - Prediction for FY 2016-2017 year-end at June 30, 2017 is \$111,121. Please note this includes unallocated dues as shown on the budget.
 - Current Prediction for FY 2017-2018 year-end at June 30 is \$110,801 with only partial GOMA Executive Director contract fee (only through August, 2017). Please note this includes unallocated dues as shown on the budget.
 - The 2017-2018 Budget already incorporates \$4,037 of unrestricted net assets to cover needed expenses with the partial Executive Director fee.

Details on GOMA Management and Administration and Core Service Contracting

- The Secretariat Team advises that the Council Coordination contract be for 12 months and remain at same contract fee as 2016-2017 fiscal year.
- The Secretariat Team advises that the Information Technology contract be for 6 months with a 20% cut from 2016-2017 fiscal year contract fee for 6-month time period.
- The Secretariat team recommends that a six-month contract be done with the GOMA bookkeeper (might want to consider a seven month contract due to the need for 1099s at the end of January). Funding for 12 months of services in the budget.
- Right now a two month contract is presented in the scope of work document for the GOMA Executive Director. A decision needs to be made whether or not additional funds will be applied. This will also be reviewed in the agenda item “Discussion on GOMA Transition.”

Actions, Outcomes or Decisions Requested (optional):

- Approval of 2016-2017 Operating Budget and Associated Scopes of Work
- Acknowledgement that unrestricted net assets are proposed for operating expense

Supporting Documentation (If applicable, list additional documents included in the Briefing Book following this Briefing Note):

GOMA Financial and Scope of Work Documents

**Gulf of Maine Council on the Marine Environment
Meeting Briefing Note**

Title of Agenda Item: Report/Discussion on GOMA Transition

Submitted by: Cynthia Krum, GOMA Executive Committee and Working Group Chair

Type of Item (place X in appropriate box)	For Decision	For Direction	For Information (internal GOMC)	x	For Information (External)
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Background (required):

Planning for the Future

- Due to the decrease in budget, GOMA needs to plan for an additional reduction in services. However, GOMA is planning to do an audit in fall of 2017 and needs to close out current open grants by April, 2018 (one current grant will remain after that time). Additional unrestricted net asset funds will most likely be used to cover these services during FY 2017-2018. Plans are being made for the sustainability of the organization going forward.
- The GOMA Executive Director reported to both the GOMA Executive Committee in early May and the GOMC Secretariat Team in mid-May that she intended to complete her contract at the end of August, 2017.
- The Executive Committee has asked the current GOMA Executive Director to consider continuing her contract past August 31, 2017 to assist with audit, grant closeout and organizational transition.
- More time is needed to make a decision on this request and next steps. The GOMA Executive Committee and Working Group Chair have met twice and are doing research. As soon as a recommendation is made by the GOMA Executive Committee and Working Group Chair the Secretariat, Working Group and Council will be asked for advice.

Actions, Outcomes or Decisions Requested (optional): Discuss options and determine next steps.

Supporting Documentation (If applicable, list additional documents included in the Briefing Book following this Briefing Note):
None