

**Meeting Summary for the Meeting of the
Gulf of Maine Association**

Thursday, December 13, 2012

7:45 – 8:55 AM EST

Board Members in Attendance: Steve Couture (proxy from Thomas Burack); Bruce Carlisle; Robert Capozzi (proxy from Bruce Fitch); W. Donald Hudson; Theresa Torrent-Ellis (proxy from Kathleen Leyden); Lee Sochasky (phone); Priscilla Brooks

Board Members not in attendance: J. Ruairdh Morrison, Sterling Belliveau

Official Observer: Jennifer Anderson

Others in attendance : Ann Rodney; Randy Libby; Tim Hall; Steve Perkins; Doug Bliss; Rene Pelletier, David Miller, Mel Cote, Ann Rodney, Prassede Vella

Contract Support: Cynthia Krum, Lori Hallett

1. Welcome and Introductions by Don Hudson, Gulf of Maine Association, Chair
Don welcomed the Gulf of Maine Association Board of Directors and said he was glad everyone was all together and that having the new board was going well. All introductions were made.
2. Audit Presentation – Fiscal Year 2012
Randy Libby from Marshall & Libby LLC made a thorough presentation of the FY 2012 Audited Financial Statements, along with Indirect Cost Letter, and graph presentations.

Some points/highlights of the presentation include:

- A Single Audit was performed for FY 2012 which is the highest level of audit. When \$500,000 or more of Federal Funds are expended in a year, a Single Audit is required by Government Auditing Standards.
- Randy presented the Financial Statements and summarized each page of all the reports including required notes and disclosures.
- The Total Net Assets (Reserve Account) had a balance of \$132,850 at June 30, 2012 of which \$8,579 is temporarily restricted. The temporarily restricted amount is funding received from CWRP for Restoration Program. Those restricted funds will be spent in Fiscal Year 2013. The Unrestricted Reserve Account Fund Balance at June 30, 2012 was \$124,271.
- The Grants Receivable balance was discussed and Lee Sochasky asked if we had a provision for Bad Debts. Randy explained that we do not have a provision for Bad Debts and that none can be determined at this time. Randy referenced Note H of the Financial Statements and further said that “all of our Grants Receivable are good to be received.”
- Steve Couture inquired about the NH DES Grant Receivable listing on Note C. Cindy explained that this is the NH Grant Agreement in lieu of NH Membership Dues. It is not classified as Membership Dues because a formal contract exists and is considered a Grant Agreement.

- Note F - Income Tax was explained. Randy pointed out that no provision for Federal Income Tax has been made however 3 years of tax returns (2009, 2010 & 2011) are still subject to examination by the IRS.
- Randy explained the Related Party Note J of the Financial Statements. Don Hudson further explained that Related Party was the Chewonki Foundation. The Restoration Grant to the Chewonki Foundation was to assist with the Dam Removal at Maine Yankee.
- The Report on Internal Control as required by Government Audit was reviewed. As a result of the Audit testing, "no deficiencies" were disclosed.
- The Schedule of Federal Award Expenditures (page 17) was reviewed. Total Federal Award expenditures were \$853,333 at June 30, 2012 and are required to be reported.
- The Schedule of Indirect Cost Allocation was reviewed. This report is also required by Government Auditing Standards. The Indirect Cost rate was 21.32% at June 30, 2012. Randy pointed out that this rate is a "typical rate for a Non-Profit like this." The prior year rate of 35% was referenced. The point was made to get as much grant Income and corresponding expenses as high as possible to keep the rate down. Don said this will be helpful for the upcoming discussions.
- Final Page 21 reported "No Findings." Randy commented that "everything is kept in good shape."
- Randy mentioned that a Management Letter was not prepared. He recommended continuing to check that the percentages of expenses are allocated correctly. He also recommended checking on the Independent Contractor vs. employee status.
- Lee asked what indication we receive that the reports are accepted by the Feds. Randy explained the electronic submission to the Federal Audit Clearinghouse and the confirmation to be received.

Acceptance of the June 30, 2012 Audited Financial Statements was:

Moved-Lee Sochasky

Seconded-Priscilla Brooks

Approved - All

3. Indirect Cost Rate Recommendation

Cindy explained that there was discussion about "locking in" the indirect rate over a 3 year period. There is anticipation that our indirect rate will be lower in the coming year and possibly close to 14% as the budget predicts. To capture the anticipated 14%, it is recommended that we do not "lock in" a rate. Cindy referenced the "Indirect Cost Rate Recommendation Document" sent with the meeting packet. She explained that to keep the rate below 20% that the recommendation is to take the average rate over the last four years which is 19.26%.

Don commented that a higher indirect rate sometimes gives the perception of not managing resources well. He further explained that we are at the mercy of cash flow. We cannot control the timing of Federal Grants or the timing of the expenditures. He also mentioned the possibility of continuing to build administration costs directly in grants.

The Fiscal Agent Agreement was discussed briefly and it was explained that the indirect rate for the new NROC agreement is 9% ($\frac{1}{2}$ of the recommended rate rounded down to nearest whole number). It was 10% when indirect rate was above 20%.

Acceptance of Indirect Cost Rate Recommendation of 19.26 (average of prior 4 years) and Fiscal Agent agreement rate was:

Moved-Lee Sochasky

Second - Steve Couture

Approved – All

5. Revised 2012-2013 Budgets and Financial Reports

Cindy began by explaining that the EC Habitat Funds shown in the budget are now official. These funds were shown in the budgets as “unconfirmed” funds but are now officially confirmed. She thanked Doug Bliss for his assistance.

There was discussion regarding the Habitat Restoration Partnership Funding that has historically provided 12 years of funding. The funding program has shifted and is now more project specific. We plan and intend to apply for the new NOAA RFP but the funding is more uncertain. Cindy explained that in Fiscal Year 2014 we will still be processing current Restoration Partnership funding but Fiscal Year 2015 will see the effect. Since the effect won't be seen until FY 2015, it allows for time to plan. We are looking at other opportunities to expand Restoration that include Canadian funding.

Don mentioned that folks have been working on this since June and we are focusing on it. He further explained that we are not like any other organization. We have a cross border collaboration between two countries without a treaty. We have had a collaboration for 25 years. Planning an Association /Council relationship might provide a better chance for fund development. He hopes to see progress over the next 12 to 18 months.

Some other highlighted points from the discussion are:

- Bruce commented on looking forward and placing some emphasis on “non-Public”. He asked if this was on the agenda for fundraising and Don said “yes”.
- Some strategy comments included drawing the lines as clear as possible, define the stakeholders, help leverage with the Federal Funds coming through, Ad hoc committee for Fund Development to include private sector. Acknowledged the difficulty to fund “a group of agencies.”
- Steve and Bruce commented on finding out what it all means for FY 2014 and FY 2015. Details on what it means if we don't get the Habitat Restoration funds in 2015. Cindy mentioned that FY 2014 budgets will be prepared and a FY 2015 estimate can also be done.

Acceptance of the Revised 2012-2013 Budgets and Financial Report was:

Moved-Steve Couture

Second – Rob Capozzi

Approved-All

6. Updated GOMC Scopes of Work for All Contractors

The Scopes of work were reviewed and recommended for Council Approval:

Moved – Bruce Carlisle

Second – Steve Couture

Approved- All

7. Association of Canadian Delegates to the Gulf of Maine Council on the Marine Environment Report

Rob Capozzi provided a brief discussion of the upcoming Nova Scotia Secretariat of the Association. He explained that Nova Scotia lost their coordinator, Justin Houston. Nova Scotia has asked New Brunswick to take it over. Perry Haines of New Brunswick has accepted and will assign Robert Capozzi to take over and help Nova Scotia. Lee Sochasky provided a thank you and expressed appreciation.

8. Other Business

Doug Bliss explained that he has taken over for Jackie Olsen at Environment Canada. Currently there is no Vice Chair for the Association and there is an open Board seat. Doug recommended that Environment Canada be in the "Official Observer" role.

Bruce gave special thanks to Don, Cindy, and Lori and for great work

Lee commented that this was the first Annual Association Meeting

9. Meeting Adjourned 8:55 AM EST