

California Association of Resource Conservation Districts

Annual Membership Meeting

December 10, 2024

1:00pm

In person: DoubleTree by Hilton Hotel Sacramento, 2001 Point West Way, Sacramento, CA 95815

California Salon 1 & 2

Virtual: <https://us02web.zoom.us/j/83917557282>

Link above is for attendees. Separate links will be sent to panelists including RCD Delegates.

AGENDA

1. Call to Order

- 1.1. Welcoming remarks
- 1.2. Introductions - Officers, Executive Director
- 1.3. Roll call of member RCDs/Determination of quorum
- 1.4. Member Comments

2. Approval (corrections or additions) of the agenda

3. President's report

4. Legislative Committee Report

5. Treasurer's Report

6. Joint Forestry Committee Report

7. JEDI Committee Report

8. Bylaws Committee Report

9. Policy Committee Report

10. Discussion and Vote on Resolutions

10.1 Resolution 2024-03 (1). Compliance with CARCD bylaws

10.2 Resolution 2024-03 (2). Adopt procedures consistent with the Brown Act

10.3 Resolution 2024-03 (3). Convening the Policy Committee

10.4 Resolution 2024-04 (04). CARCD should use bylaws to create Standing Finance Committee

10.5 Resolution 2024-03 (5). Rescind and Reconsider Board Action to Change Dues Structure of FY 24-25

10.6 Resolution 2024-06 (6). Creation of an Education Committee

11. Vote on amendment to bylaws – Fiscal year change

12. Additional Member Comments and Announcements

13. Adjournment

California Association of Resource Conservation Districts
Summary Statement of Activities
For the year ended June 30, 2024

Income

Conference	\$	246,309
State grants		5,221,885
Federal grants		3,103,962
Other grants		395,749
Other		1,022,921
Total Income	\$	9,990,825

Expenses

State grants	\$	5,309,460
Federal grants		3,030,758
Other grants		386,650
Personnel (non-grant)		823,957
Advocacy		48,000
Other		439,070
Total Expenses	\$	10,037,896

Net income (loss) \$ (47,071)

Funding passed through to RCDs \$ 6,205,328

Funding for legal and financial consulting for RCDs \$ 47,495

**CALIFORNIA ASSOCIATION OF RESOURCE
CONSERVATION DISTRICTS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
For the Years Ended
June 30, 2024 and 2023**

**NIGRO
& NIGRO^{PC}**

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

For the Years Ended June 30, 2024 and 2023

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities.....	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9

SUPPLEMENTARY INFORMATION

Consolidating Schedules – Statement of Financial Position.....	15
Consolidating Schedules – Statement of Activities.....	17

Financial Section



A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
California Association of Resource Conservation Districts
Sacramento, California

Opinion

We have audited the accompanying consolidated financial statements of California Association of Resource Conservation Districts (Organization), (a California non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, and in all material respects, the financial position of the Organization, as of June 30, 2024, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period-of-time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted from the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 16 through 19 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated March 31, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which such partial information was derived.

Murrieta, California
December 10, 2024

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS*Consolidated Statements of Financial Position**June 30, 2024 and 2023*

ASSETS	2024	2023
Current assets:		
Cash and cash equivalents (Note 3)	\$ 401,093	\$ 312,189
Accounts receivable	3,630,157	1,685,368
Loan receivable (Note 4)	90,000	110,000
Prepaid expenses	30,785	-
Total current assets	4,152,035	2,107,557
Total assets	\$ 4,152,035	\$ 2,107,557
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,300,045	\$ 1,163,601
Deferred revenues	286,655	336,366
Total current liabilities	3,586,700	1,499,967
Non-current liabilities:		
Accrued vacation payable	36,040	31,224
Total non-current liabilities	36,040	31,224
Total liabilities	3,622,740	1,531,191
Net assets – without donor restrictions:		
Unrestricted	529,295	576,366
Total net assets – without donor restrictions	529,295	576,366
Total liabilities and net assets	\$ 4,152,035	\$ 2,107,557

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS*Consolidated Statements of Activities**For the Years Ended June 30, 2024 and 2023*

	Without Donor Restrictions	
	2024	2023
Operating activities:		
Program revenue:		
Membership dues	\$ 108,942	\$ 161,526
Annual conference	246,309	213,278
Grants	8,778,340	3,949,659
Contributed support	16,148	10,966
RCD service contracts	482,349	180,937
Total program revenue	9,632,088	4,516,366
Fund-raising events:		
Donations	11,230	1,945
Costs of direct benefits to donors	-	-
Total fund-raising, net	11,230	1,945
Total revenues and other support	9,643,318	4,518,311
Program expenses:		
Grants	8,385,046	3,693,877
Annual conference	175,991	131,984
Total program expenses	8,561,037	3,825,861
Supporting services:		
Management and general	1,131,246	716,637
Total expenses	9,692,283	4,542,498
Change in net assets from operating activities	(48,965)	(24,187)
Non-operating activities:		
Investment earnings	1,894	841
Total non-operating activities	1,894	841
Change in net assets	(47,071)	(23,346)
Net assets:		
Beginning of year	576,366	599,712
End of year	\$ 529,295	\$ 576,366

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Programs			Supporting Services	Total Expenses
	Grants	Annual Conference	Total Programs	Management & General	
Operating expenses:					
Salaries and benefits:					
Salaries and wages	\$ 561,586	\$ 14,515	\$ 576,101	\$ 575,738	\$ 1,151,839
Payroll taxes	21,046	1,129	22,175	72,266	94,441
Employee benefits	-	-	-	160,309	160,309
Total salaries and benefits	582,632	15,644	598,276	808,313	1,406,589
Other expenses:					
Advertising and promotion	-	-	-	424	424
Bank charges	-	4,211	4,211	972	5,183
Board expenses	-	-	-	11,028	11,028
Conferences and training	-	-	-	3,198	3,198
Contractual services	7,781,054	-	7,781,054	19,602	7,800,656
Dues and subscriptions	-	-	-	2,346	2,346
Information technology	-	2,108	2,108	46,678	48,786
Insurance	-	-	-	6,391	6,391
Materials and supplies	3,567	2,607	6,174	6,379	12,553
Meetings	-	-	-	112	112
Rent	-	-	-	13,823	13,823
Professional and legal services	-	150,270	150,270	200,757	351,027
Travel	17,793	1,151	18,944	11,223	30,167
Totals	\$ 8,385,046	\$ 175,991	\$ 8,561,037	\$ 1,131,246	\$ 9,692,283

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Programs</u>			<u>Supporting Services</u>	
	<u>Grants</u>	<u>Annual Conference</u>	<u>Total Programs</u>	<u>Management & General</u>	<u>Total Expenses</u>
Operating expenses:					
Salaries and benefits:					
Salaries and wages	\$ 455,840	\$ 25,897	\$ 481,737	\$ 352,512	\$ 834,249
Payroll taxes	35,878	1,981	37,859	30,600	68,459
Employee benefits	-	-	-	87,848	87,848
Total salaries and benefits	491,718	27,878	519,596	470,960	990,556
Other expenses:					
Advertising and promotion	-	-	-	1,742	1,742
Bad debts	-	-	-	20,731	20,731
Bank charges	-	57	57	4,841	4,898
Board expenses	-	-	-	6,557	6,557
Conferences and training	-	-	-	15	15
Contractual services	3,192,589	-	3,192,589	6,038	3,198,627
Dues and subscriptions	-	-	-	994	994
Information technology	-	4,549	4,549	48,448	52,997
Insurance	-	-	-	5,728	5,728
Materials and supplies	1,202	4,782	5,984	5,508	11,492
Meetings	-	-	-	2,123	2,123
Rent	-	-	-	2,520	2,520
Professional and legal services	-	93,341	93,341	125,584	218,925
Travel	8,369	1,377	9,746	14,847	24,593
Totals	\$ 3,693,878	\$ 131,984	\$ 3,825,862	\$ 716,636	\$ 4,542,498

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS*Consolidated Statements of Cash Flows**For the Years Ended June 30, 2024 and 2023*

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2024</u>	<u>2023</u>
Change in net assets	\$ (47,071)	\$ (23,346)
(Increase) decrease in operating assets:		
Loan receivable	20,000	20,000
Accounts receivable	(1,944,789)	(839,375)
Prepaid expenses	(30,785)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	2,136,444	634,754
Deferred revenues	(49,711)	237,801
Accrued vacation payable	4,816	3,404
Net cash provided by operating activities	<u>88,904</u>	<u>33,238</u>
Net change in cash and cash equivalents	88,904	33,238
Cash and cash equivalents		
Beginning of year	<u>312,189</u>	<u>278,951</u>
End of year	<u>\$ 401,093</u>	<u>\$ 312,189</u>

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

California Association of Resource Conservation Districts is a nonprofit organization incorporated under the laws of California with the primary mission to advance the conservation and orderly development of land, water and other natural resources in California and to create statewide awareness of the urgency for conserving and developing California’s natural resources. The Association is authorized under Division 9 of the Public Resources Code of the State of California. As such, the Association is an instrumentality of its member districts in carrying out the natural resources and soil and water policies of the State of California, insofar as those functions have been delegated to the districts by statute.

California Resources Conservation Fund (CRCF) is a nonprofit organization incorporated under the laws of California to promote the protection and conservation of natural resources and to conduct, operate and maintain works of conservation.

Since CARCD and CRCF are governed by the same Board of Directors, the financial statements are presented on a consolidated basis.

B. Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2020 and addresses general-purpose external financial statements appropriate for not-for-profit organizations.

Under the provisions of the ASC 958-205, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by the actions of the not-for-profit organization to satisfy a particular purpose restriction, or by the passage of time. Some donor restrictions are perpetual (or permanent) in nature, whereby the donor has stipulated the funds be maintained in perpetuity, whereby the corpus of the donation must remain unspent.

The consolidated financial statements include the California Association of Resource Conservation Districts and the California Resources Conservation Fund. All significant inter-Association transactions have been eliminated.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Revenue Recognition

The Organization has also adopted FASB ASC 958-605. The “Contributions Received” subsections of that standard provides guidance for contributions of cash and other assets received, including promises to give. Contributions, including sponsorships, are recognized as revenue at the earlier of the period promised or earned and received. Contributions received with the presence of donor-imposed restrictions are reported in the Statement of Activities in the column ‘with donor restrictions,’ subject to time, purpose or other conditionality. Once restrictions have been satisfied, amounts are reclassified to ‘without donor restrictions.’ If donor-imposed restrictions are satisfied within the same accounting period as revenue is earned, the Organization’s policy is to present the amounts as without donor restrictions. Grants are recognized during the period the contract is entered and related services have been performed. Program fees and events revenues are recognized upon completed services performed.

D. Donated Materials and Supplies

Donated materials and supplies are recorded as contributions at their estimated fair market value, in accordance with FASB ASC 958-605-30, at the date the contribution is made. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

E. Contributed Services

The Organization follows the recognition criteria for contributed services as stated in FASB ASC 958-605-25. During the year ended June 30, 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Fair Value Measurements

In accordance with fair value measurements, as stated in FASB ASC 820, the Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fair Value Measurements (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

H. Cash and Cash Equivalents

The Organization considers cash on hand, certificates of deposit with original maturity dates of three months or less at the date of investment, as well as money market funds and other similar instruments readily convertible to cash to be cash and cash equivalents.

I. Custodial Credit Risk

The Organization maintains its cash at two financial institutions. Cash balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the amount on deposit with a single financial institution may exceed federal depository insurance limits and be exposed to custodial credit risk. At June 30, 2024 and 2023, the Organization had cash and investments in the amount of \$401,093 and \$312,189 respectively, which were not exposed to this risk.

J. Investments

Investments are stated at fair value at the Statement of Financial Position date, and are those instruments considered less liquid than cash and cash equivalents. Net realized and unrealized gains/losses on investments is presented on the Statement of Activities, with respect to any donor restrictions, as investment return. Investment return is presented net of related internal and external fees. Average cost method is used to determine the basis for computing realized gains/losses.

K. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

L. Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or time of use. Property and equipment are depreciated using the straight-line method of depreciation over the estimated useful life of the related assets of three to thirty-nine years.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Revenue

Cash received in advance of services being performed during the period is classified as deferred revenue, a liability on the statement of financial position. Once all events and circumstances have taken place related to the services performed, revenue is recognized.

N. Compensated Absences

The Organization offers paid vacation to employees based on length of employment and position type. The balance at the end of the period is estimated by a multiple of each employee's respective accrued hours of vacation and his or her rate of pay at the period end date, including statutory benefits. This is reported as a long-term liability.

O. Income Taxes

The organization is a non-profit public-benefit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(6) of the Internal Revenue Code and Section 23701e of the California Revenue and Taxation Code. The California Resource Conservation Fund is a non-profit public-benefit corporation and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes. Management has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels.

The primary tax positions evaluated are related to the Organization's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization files informational returns in the U.S. federal jurisdiction and the state of California.

P. Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function, as shown in the Statement of Functional Expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 – LIQUIDITY AND AVAILABLE RESOURCES

The Organization’s financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Description	2024	2023
Cash and cash equivalents	\$ 401,093	\$ 312,189
Accounts receivable	3,630,157	1,685,368
Loan receivable	90,000	110,000
Prepaid expenses	30,785	-
Total liquid assets available	\$ 4,152,035	\$ 2,107,557

The Organization’s policy for liquidity management requires that it structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Cash in excess of daily requirements is invested in short-term investments.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following amounts at June 30:

Description	2024	2023
Cash on hand and in banks	\$ 401,093	\$ 312,189
Total cash and cash equivalents	\$ 401,093	\$ 312,189

NOTE 4 – LOAN RECEIVABLE

The organization has issued loans to various resource conservation districts. The loans do not accrue interest on the principal balance of the Loan so long as Borrower is in compliance with all its obligations. The Borrower may prepay all or any portion of the unpaid principal at any time without penalty. The organization had a balance of \$110,000 at the beginning of the year. During the 2024 fiscal year the organization received a total of \$70,000 in payments and issued \$50,000 in new loans. The balance at June 30, 2024 was \$90,000. All payments are due in the 2024 fiscal year.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Excluded – Short-Term Leases and De Minimis Leases

The Organization does not recognize a lease receivable and a deferred inflow of resources for Short-Term or *De Minimis* leases.

Short-Term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

De Minimis leases are certain leases (i.e., copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the Organization are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Organization believes that such disallowances, if any, would not be significant.

Litigation

The Organization is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties.

NOTE 6 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2024 have been evaluated through December 10, 2024, the date at which the Organization's audited financial statements were available to be issued.

Supplementary Information

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Consolidating Schedule – Statement of Financial Position
June 30, 2024

ASSETS	CARCD	CRCF	Consolidated Association
Current assets:			
Cash and cash equivalents	\$ 343,093	\$ 58,000	\$ 401,093
Accounts receivable	3,630,157	-	3,630,157
Loan receivable	90,000	-	90,000
Total current assets	4,063,250	58,000	4,121,250
Total assets	\$ 4,063,250	\$ 58,000	\$ 4,121,250
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 3,300,045	\$ -	\$ 3,300,045
Deferred revenues	286,655	-	286,655
Total current liabilities	3,586,700	-	3,586,700
Non-current liabilities:			
Accrued vacation payable	36,040	-	36,040
Total non-current liabilities	36,040	-	36,040
Total liabilities	3,622,740	-	3,622,740
Net assets – without donor restrictions:			
Unrestricted	440,510	58,000	498,510
Total net assets	440,510	58,000	498,510
Total liabilities and net assets	\$ 4,063,250	\$ 58,000	\$ 4,121,250

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS*Consolidating Schedule – Statement of Financial Position**June 30, 2023*

ASSETS	CARCD	CRCF	Consolidated Association
Current assets:			
Cash and cash equivalents	\$ 255,558	\$ 56,631	\$ 312,189
Accounts receivable	1,685,368	-	1,685,368
Loan receivable	110,000	-	110,000
Total current assets	2,050,926	56,631	2,107,557
Total assets	\$ 2,050,926	\$ 56,631	\$ 2,107,557
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,163,601	\$ -	\$ 1,163,601
Deferred revenues	336,366	-	336,366
Total current liabilities	1,499,967	-	1,499,967
Non-current liabilities:			
Accrued vacation payable	31,224	-	31,224
Total non-current liabilities	31,224	-	31,224
Total liabilities	1,531,191	-	1,531,191
Net assets – without donor restrictions:			
Unrestricted	519,735	56,631	576,366
Total net assets	519,735	56,631	576,366
Total liabilities and net assets	\$ 2,050,926	\$ 56,631	\$ 2,107,557

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Consolidating Schedule – Statement of Activities

For the Year Ended June 30, 2024

	CARCD	CRCF	Consolidated Association
Operating activities:			
Program revenue:			
Membership dues	\$ 108,942	\$ -	\$ 108,942
Annual conference	246,309	-	246,309
Grants	8,778,340	-	8,778,340
Contributed support	16,148	-	16,148
RCD service contracts	482,349	-	482,349
Total program revenue	9,632,088	-	9,632,088
Fund-raising events:			
Donations	11,230	-	11,230
Total fund-raising, net	11,230	-	11,230
Total revenues and other support	9,643,318	-	9,643,318
Program expenses:			
Grants	8,385,046	-	8,385,046
Annual conference	175,991	-	175,991
Total program expenses	8,561,037	-	8,561,037
Supporting services:			
Management and general	1,131,096	150	1,131,246
Total expenses	9,692,133	150	9,692,283
Change in net assets from operating activities	(48,815)	(150)	(48,965)
Non-operating activities:			
Investment income	375	1,519	1,894
Total non-operating activities	375	1,519	1,894
Change in net assets	(48,440)	1,369	(47,071)
Net assets:			
Beginning of year	519,735	56,631	576,366
End of year	\$ 471,295	\$ 58,000	\$ 529,295

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Consolidating Schedule – Statement of Activities
For the Year Ended June 30, 2023

	<u>CARCD</u>	<u>CRCF</u>	<u>Consolidated Association</u>
Operating activities:			
Program revenue:			
Membership dues	\$ 161,526	\$ -	\$ 161,526
Annual conference	213,278	-	213,278
Grants	3,949,659	-	3,949,659
Contributed support	10,966	-	10,966
RCD service contracts	180,937	-	180,937
Total program revenue	<u>4,516,366</u>	<u>-</u>	<u>4,516,366</u>
Fund-raising events:			
Donations	1,945		1,945
Costs of direct benefits to donors	-		-
Total fund-raising, net	<u>1,945</u>	<u>-</u>	<u>1,945</u>
Total revenues and other support	<u>4,518,311</u>	<u>-</u>	<u>4,518,311</u>
Program expenses:			
Grants	3,693,877		3,693,877
Annual conference	131,984		131,984
Total program expenses	<u>3,825,861</u>	<u>-</u>	<u>3,825,861</u>
Supporting services:			
Management and general	716,487	150	716,637
Total expenses	<u>4,542,348</u>	<u>150</u>	<u>4,542,498</u>
Change in net assets from operating activities	<u>(24,037)</u>	<u>(150)</u>	<u>(24,187)</u>
Non-operating activities:			
Investment earnings	835	6	841
Total non-operating activities	<u>835</u>	<u>6</u>	<u>841</u>
Change in net assets	<u>(23,202)</u>	<u>(144)</u>	<u>(23,346)</u>
Net assets:			
Beginning of year	542,937	56,775	599,712
End of year	<u>\$ 519,735</u>	<u>\$ 56,631</u>	<u>\$ 576,366</u>

**CALIFORNIA ASSOCIATION OF RESOURCE
CONSERVATION DISTRICTS**

**Single-Audit Report
For the Fiscal Year Ended
June 30, 2024**

NIGRO & NIGRO^{PC}

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Table of Contents

For the Fiscal Year Ended June 30, 2024

	<u>Page</u>
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Audit Findings and Questioned Costs	8



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors

California Association of Resource Conservation Districts
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Association of Resource Conservation (California Association of Resource Conservation) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
December 10, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors

California Association of Resource Conservation Districts
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the California Association of Resource Conservation Districts' (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the California Association of Resource Conservation Districts (Organization), which comprise the statement of net position as of June 30, 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, which collectively comprise the Organization’s basic financial statements. We issued our report thereon dated December 10, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Murrieta, California
December 10, 2024

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<u>Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title</u>	<u>Federal Financial Assistance</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Cluster Expenditures</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Federal Programs:					
U.S. Department of Agriculture:					
Natural Resources Conservation Service:					
Capacity Building Program	10.902	68-9104-17-028	\$ 120,151		-
Forestry Technical Assistance 2023	10.902	NR239104XXXXC031	304,236		-
Advancing Equity in NRCS and RCD's Across CA	10.902	NR223A750003C083	<u>287,728</u>		<u>211,091</u>
Subtotal 10.902				712,115	
RCPPI Sierra Nevada Tree Mortality	10.932	NR199104XXXXC012	98,632		-
Crisis to Opportunity: Sierra Nevada Recovery and Resilience	10.932	2871	<u>106,124</u>		<u>-</u>
Subtotal 10.932				204,756	
Forestry Technical Assistance	10.912	NR199104XXXXC014	-	243,975	-
U.S. Forest Service:					
FSA Emergency Forest Restoration Program TA	10.664	18-CA-11052021-208	6,777		-
Post Fire Disaster Recovery (2019-2021)	10.664	22-DG-11052021-206	<u>1,113,113</u>		<u>-</u>
Subtotal 10.664				1,119,890	
FSA Emergency Forest Restoration Program TA	10.678	23-DG-11052021-226		307,254	-
Implementing Western Monarch Habitat	10.684	21-DG-11132762-298		45,910	-
California Underserved Forest Landowners Outreach Plan	10.731	24-DG-11052021-205		4,056	-
Office of Partnerships and Public Engagement:					
Building Partnerships to Better Assist Underserved Farmers and Ranchers	10.443	AO232501X443G002		172,636	-
State Department of Food and Agriculture:					
2021 Specialty Crop Block Grant Program	10.170	21-0433-022-SF		109,591	-
Chico State Enterprises:					
Education and Workforce Development in Climate-Smart Agriculture	10.326	A24-0042-S001		5,276	-
Monarch Joint Venture:					
Empower RCDs to Provide Monarch and Pollinator Education to CA Students	10.684	N/A		<u>12,833</u>	<u>-</u>
Total U.S. Department of Agriculture:				<u>2,938,292</u>	<u>211,091</u>
U.S. Department of Defense					
U.S. Army Corps of Engineers:					
Natural Resources Program at Travis AFB	12.300	W9126G-18-2-0034		101,835	-
Natural Resources Program at Travis AFB	12.005	W9126G-23-2-0017		<u>63,835</u>	<u>-</u>
Total U.S. Department of Defense:				<u>165,670</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 3,103,962</u>	<u>\$ 211,091</u>

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Organization provided no Federal awards to subrecipients.

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

NOTE 1 – REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Organization. The Organization's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the Organization's financial statements as follows:

Statement of Activities:

Grant revenue	\$ 8,778,340
Less: State and County portion of funding	<u>(5,674,378)</u>
Total Expenditures of Federal Awards	<u>\$ 3,103,962</u>

NOTE 4 – INDIRECT COST RATE

The Organization elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Findings and Questioned Costs

CALIFORNIA ASSOCIATION OF RESOURCE CONSERVATION DISTRICTS
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516a?	<u>No</u>

Identification of major programs:

Federal Financial Assistance	Name of Federal Program or Cluster
10.902	Capacity Building Program
10.902	Forestry Technical Assistance 2023
10.902	Advancing Equity in NRCS and RCD's Across CA

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no audit findings in fiscal year 2023-24.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516a (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no audit findings in fiscal year 2023-24.

SECTION IV - PROPR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year audit findings or questioned costs in fiscal year 2022-23.

November 8, 2024

TO: CARCD Board of Directors

FROM: CARCD Policy Committee

SUBJECT: Resolutions presented to Board of Directors

The CARCD policy committee recommends the following actions on the resolutions presented to the Board of Directors. Not every member of our committee agrees with every detail of these recommendations, but we did our best to harmonize the disparate views, and these recommendations come pretty close to a consensus.

Resolution 2024-03 (1). Compliance with CARCD bylaws.

Recommendation: Adopt.

Discussion: All organizations should comply with their bylaws. We understand that this is required whether or not this resolution passes, and our committee was divided on the need for the resolution. On balance, it seems that the resolution would do no harm, and in deference to those who drafted we think it is acceptable to consider and pass it.

Resolution 2024-03 (2). Adopt procedures consistent with the Brown Act.

Recommendation: Defer until full analysis by an attorney familiar with the Brown Act and nonprofit law can analyze which provisions of the Brown Act appropriately apply to CARCD.

Discussion: The goals of the Brown Act are very laudable. CARCD must follow laws applying to nonprofits, and these laws may not all be consistent with the Brown Act. Some Brown Act provisions might unnecessarily restrict the operation of CARCD, including prohibitions against Directors talking to each other, long and expensive public notice provisions, and so on. Further complicating the matter, there is an Attorney General opinion on the use of public funds which might bear on the need for this resolution. The Policy Committee has asked the sponsors of the resolution to defer it until a full legal analysis can be undertaken.

Resolution 2024-03 (3). Convening the Policy Committee.

Recommendation. Adopt.

Discussion. The Policy Committee has been convened. More members, including chairs of the standing committees need to be appointed. Again, it has been argued that there is no need for this resolution, but passing it does not harm, and emphasizes the importance of the committee

Resolution 2024-04 (04). CARCD should use bylaws to create Standing Finance Committee.

Recommendation. Adopt.

Discussion. Article 8, Section 6 of the CARCD bylaws allows, but does not require the creation of a Finance Committee, chaired by the Treasurer. Most nonprofits have a finance committee, and it would be a good idea if CARCD also had one. The appointments are made by the Board.

Resolution 2024-03 (5)

Recommendation: Defer. The Policy Committee has asked the sponsors of the resolution to defer it until more information on the dues history and change has been evaluated.

Resolution of the RCD of the Santa Monica Mountains. Creation of an Education Committee as an issue committee in the new bylaws.

Recommendation. Adopt

Discussion. Education is a key role of RCDs, and many RCDs undertake this mission through newsletters, public meetings, their website, and other avenues. Having an Education Committee would help RCDs learn from each other about how to better undertake this mission.