

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE - AUDITOR-CONTROLLER DIVISION – INTERNAL AUDIT UNIT

INTERNAL AUDIT UNIT REPORT

**AMERICAN RIVER NATURAL HISTORY
ASSOCIATION**

EFFIE YEAW NATURE CENTER

AGREED-UPON PROCEDURES

DEPARTMENT OF REGIONAL PARKS



Audit Committee Submittal Date: 05/15/2025

EXECUTIVE SUMMARY

Background

The Department of Regional Parks (Parks) entered into a Lease Agreement with American River Natural History Association (ARNHA) to lease the Effie Yeaw Nature Center (EYNC) to ARNHA for ARNHA to provide educational programs to residents of Sacramento County and maintenance of the EYNC facilities.

Parks requested the Department of Finance to perform Agreed Upon Procedures (AUP) relating to the Lease Agreement for the Operations of the EYNC for the period from July 1, 2020, to September 30, 2024.

AUP Objective

The objective of the AUP is to assist Parks to monitor ARHNA's operation of EYNC.

AUP Results

We were not provided with sufficient information to perform several of our procedures. Based on procedures that we were able to perform, we noted several exceptions and non-compliances.

Department of Finance

Chad Rinde

Director

**County of Sacramento****Divisions**

Auditor-Controller

Consolidated Utilities Billing &
Service

Investments

Revenue Recovery

Tax Collection & Licensing

Treasury

April 9, 2025

Liz Bellas, Director
Department of Regional Parks
10361 Rockingham Drive, Suite 100
Sacramento, California 95827

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dear Ms. Bellas:

We have performed the Agreed-Upon Procedures (AUP), enumerated below, on the Lease Agreement (Lease Agreement) between the County of Sacramento Department of Regional Parks (Parks) and the American River Natural History Association (ARNHA) for the Operations of the Effie Yeaw Nature Center (EYNC) for the period from July 1, 2020 to September 30, 2024.

ARNHA is responsible for compliance with the Lease Agreement. In performing our AUP engagement, we have relied solely on representations provided by the Parks relating to ARNHA's responsibility for compliance with the Lease Agreement.

Parks has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assessment of ARNHA's compliance with the Lease Agreement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The performed AUP, including results and limitations are as follows:

1. We requested the following licenses, registrations, permits, and forms to verify whether ARNHA properly maintained and filed all required licenses, registrations, permits, and forms:
 - a. California Secretary of State's non-profit organization statement of information (SI-100)
 - b. California Attorney General's charity registrant annual renewal (Form RRF-1)

- c. California Franchise Tax Board's exempt organization annual information return (Form 199)
- d. Internal Revenue Service's exempt organization annual information return (Form 990)
- e. U.S. Fish and Wildlife Service's Special Purpose Possession – Education (Live) permit for possession and transportation of migratory birds for conservation education purposes (Migratory Bird Permit)

Result: We were not provided with all requested SI-100. However, ARNHA was listed as good standing at California Secretary of State's website on March 24, 2025. In addition, we noted ARNHA had late filing for Form RRF-1 and was not in compliance with Migratory Bird Permit requirement. See ATT 1 – *Current Findings and Recommendations*.

2. We performed interviews with current and former ARNHA staff and board members selected by Parks regarding the occurrence or potential operating deficiencies and control weaknesses, and ARNHA's compliance with legal, contractual and financial compliance requirements.

Result: We selected a total of seven (7) current board members, three (3) current staff, and two (2) former staff for interviews (a total of 12). However, one (1) current board member declined our interview request. We also did not receive any response from one (1) former staff for our interview request. Consequently, we interviewed a total of ten (10) current board members, staff, and former staff. Based on the interviews, we noted several concerns. See ATT 1 – *Current Findings and Recommendations*.

3. We obtained copies of the annual report required to be submitted to the County of Sacramento Parks and Recreation Commission pursuant to the Lease Agreement to determine whether the annual reports were submitted and contained the required elements including a description of programs, number of participants served, profit/loss statements with line item expenditures, fees, and any facility improvements accomplished in the format shown in the Lease Agreement.

Result: Based on our review of annual reports, we noted several required information elements per the Lease Agreement were not included in the annual reports. See ATT 1 – *Current Findings and Recommendations*.

4. We obtained and reviewed copies of the Balance Sheet and Income Statement including line-item detail for the fiscal years ended June 30, 2021, 2022, 2023, 2024 and the period of July 1, 2024, to September 30, 2024.

We performed a variance and trend analysis at the line-item level. We obtained explanations from ARNHA as to the underlying reasons for the substantial changes over the time periods for those line items that had a substantial dollar or percentage variance.

Result: We summarized the variance and trend analysis, and explanations of the substantial changes at ATT 2 – *Financial Schedule*.

5. We haphazardly selected 14 monthly bank statements from the review period to verify whether the bank statements, bank account records, and accounting records were reconciled timely and reconciling items were resolved.

Result: We were not provided with nine (9) of the selected fourteen (14) bank statement reconciliation reports. Therefore, we were not able to complete majority of the procedure. However, we were provided with five (5) of the selected fourteen (14) bank statement reconciliation reports. We noted that these five (5) banks statements were reconciled within 2 months of period end date and reconciling items were resolved.

6. We attempted to obtain, and review written internal control policies and procedures related to custody, deposit, and handling of ARNHA/EYNC funds to identify any deficiencies in internal controls. However, we were not provided with any written internal control policies and procedures related to custody, deposit, and handling of ARNHA/EYNC funds for periods prior to calendar year 2024. We obtained and reviewed the 2024 written internal control policies and procedures related to custody, deposit, and handling of ARNHA/EYNC funds.

Result: We noted concerns regarding to the 2024 written internal control policies and procedures related to custody, deposit, and handling of ARNHA/EYNC funds. See ATT 1 – *Current Findings and Recommendations*.

7. We attempted to obtain, and review written internal control policies and procedures related to procurement and payment of ARNHA/EYNC funds to identify deficiencies in internal controls. However, we were not provided with any written internal control policies and procedures related to procurement and payment of ARNHA/EYNC funds for periods prior to calendar year 2024. We obtained and reviewed 2024 written internal control policies and procedures related to procurement and payment of ARNHA/EYNC funds.

Result: We noted concerns regarding to the 2024 written internal control policies and procedures related to procurement and payment of ARNHA/EYNC funds. See ATT 1 – *Current Findings and Recommendations*.

8. We attempted to obtain, and review written internal control policies and procedures related to the maintenance of restricted ARNHA/EYNC funds obtained from donors and grantors in which expenditures are only allowable for designated purposes to identify any deficiencies in internal controls. However, we were not provided with any written internal control policies and procedures related to the maintenance of restricted ARNHA/EYNC funds obtained from donors and grantors. Therefore, we were not able to perform this procedure.

9. We obtained a listing of current ARNHA/EYNC restricted funds that identified as being restricted on deposit and verified whether these restricted funds were

maintained separately from unrestricted funds in corresponding amounts to identified requirements.

Result: We noted that ARNHA deposits restricted funds receipts to a commercial bank saving account. It also tracks restricted funds' financial activities and running balances manually. We have concerns regarding managing restricted funds and tracking restricted funds. See ATT 1 – *Current Findings and Recommendations*.

10. We haphazardly selected 90 expenditure transactions from ARNHA's general ledger and bank statements for testing. However, we were not provided with any supporting documentation for 55 of 90 selected expenditures. We were provided with some supporting documentation for the other 35 selected expenditures to test whether these expenditures were appropriately authorized and adequately documented as to the business necessity of the expenditures.

Result: We noted several exceptions or issues from the testing of the 35 selected expenditures. See ATT 1 – *Current Findings and Recommendations*.

11. We attempted to review written human resources/payroll policy and handbooks. We haphazardly selected 5 permanent staff and 2 part-time staff each year to test their one-month salary, overtime, sick, vacation, and other paid time off (Total 28 selected monthly payroll transactions). We attempted to trace the selected monthly payroll transactions to the ARNHA board approved salary schedule, employment contracts, board approval budget, or other authorization.

Result: We were provided with ARNHA's 2024 employee handbook for review. We noted several exceptions or issues from the payroll transaction documentation and testing. See ATT 1 – *Current Findings and Recommendations*.

12. We obtained copies of insurance certificates to verify whether ARNHA that meets the Lease Agreement's insurance requirement for the period of July 1, 2020 to December 31, 2024.

Result: We noted that ARNHA did not maintain property insurance as required by the Lease Agreement. See ATT 1 – *Current Findings and Recommendations*.

13. We attempted to obtain a list of permanent employees during the period including the permanent employees' names, positions, employment period, and years of experiences in nature center prior to employment to verify all key employees had at least 10 years of nature center experience prior to employment in accordance with EYNC Business Plan dated July 1, 2010. We received a list of employees with job titles and hiring dates as of January 1, 2025. However, we were not provided with information about ARNHA employees' years of nature center experience prior to employment to perform this procedure. Therefore, we were not able to perform this procedure.

14. We attempted to obtain a list of curriculum specific outreach programs provided per fiscal year and inquired with ARNHA leadership to verify that at least 8 curriculum specific outreach programs were provided per fiscal year to K-6th school children equipped with computers and projection equipment on topics including aquatic ecosystems, life sciences, pioneer life and Maidu Indian culture in accordance with EYNC Business Plan dated July 1, 2010. We attempted to haphazardly select 1 program per fiscal year to verify that the selected programs participants were K-6th school children within Sacramento area and that curriculum topics included aquatic ecosystems, life sciences, pioneer life and Maidu Indian culture. We are provided with class brochures and class statistic reports. However, we were not provided with a list of curriculum specific outreach programs provided. We were not able to determine whether any classes listed on the class statistical reports were curriculum specific outreach programs and then test if the classes' program meet the requirements. Therefore, we were not able to perform this procedure.
15. We attempted to obtain and review a list of spring and summer educational classes provided per fiscal year to verify that at least eight topics each were provided to grade levels preschool through adult at the Nature Center in accordance with EYNC Business Plan dated July 1, 2010. However, we did not receive adequate information to perform this procedure. We were provided with class brochures and class statistical reports. However, we were not provided with a list of spring and summer education classes provided. We were not able to determine whether any classes listed on the class statistic reports were spring and summer educational classes that meet the requirements. Therefore, we were not able to perform this procedure.
16. We attempted to obtain a list of naturalists, including the naturalists' names and years of experience in providing the tours, who provide regular adult education tours along the Parkway to verify all naturalists had at least 10 years of experience in providing the tours in accordance with EYNC Business Plan dated July 1, 2010. We received a list of employees including naturalists. However, we were not provided with information regarding the naturalists' experience in providing adult education tour along the Parkway. Therefore, we were not able to perform this procedure.
17. We attempted to obtain and review a list of regular annual events at or in conjunction with the Nature Center per fiscal year to verify that Salmon Festival/Salmon Schooling Days, the Maidu Indian Days, and the Bird and Breakfast annual nature census were at a minimum provided in each fiscal year in accordance with EYNC Business Plan dated July 1, 2010. However, we were not provided with a list of annual events and were not able to perform this procedure.

We were engaged by the Parks to perform this AUP engagement and conducted our engagement in accordance with the standards for attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. An AUP engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not perform an examination or review engagement, the objective of

Liz Bellas, Director of Regional Parks
April 9, 2025

which would be the expression of an opinion or conclusion, respectively, on ARNHA's compliance with the Lease Agreement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of ARNHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our AUP engagement.

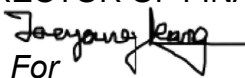
Parks' management responses to the findings identified during our engagement are described in ATT 1 – *Current Findings and Recommendations*. ARNHA's response to the findings identified in the engagement are included as ATT 3 – *ARNHA response to Finding and Recommendations*. We did not perform procedures to validate Parks' management and ARNHA's responses to the findings and, accordingly, we do not express opinions on the responses to the findings.

In addition, we were not provided with sufficient information to perform several of our procedures. Accordingly, the results of our procedures reported in this report and enclosed attachments are based on procedures that we were able to perform. Had we performed the procedures that we were not able to perform, other non-compliance or deficiencies might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Audit Committee, Sacramento County Executive, and the Parks' management and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

CHAD RINDE
DIRECTOR OF FINANCE


For

By: Hong Lun (Andy) Yu, CPA
Chief of Audits

Enclosures:

ATT 1 – *Current Findings and Recommendations*

ATT 2 – *Financial Schedules*

ATT 3 – *ARNHA response to Findings and Recommendations*

County of Sacramento
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 American River Natural History Association (ARNHA)
 Effie Yeaw Nature Center (EYNC)
 Agreed-Upon Procedures
 Current Findings and Recommendations

For the Period July 1, 2020, to September 30, 2024

1. Licenses, registration, permits, and forms

Condition

Based on our review of American River Natural History Association (ARNHA)'s licenses, registrations, permits, and forms, we noted the following concerns:

- a. ARNHA is required to file Annual Registration Renewal Fee Report (Form RRF-1) to Attorney General of California. However, ARNHA's Form RRF-1 for the period from July 1, 2022, to June 30, 2023 was filed on September 4, 2024 which is past the filing RRF-1 extended deadline of May 15, 2024 by over three (3) months.
- b. ARNHA is required to obtain and maintain an education purpose permit for taking, possession, transportation, sale, purchase, barter, importation, exportation, and banding or marking of migratory birds (Migratory Bird Permit) from United States Department of Fish and Wildlife per Title 50, Code of Federal Regulation, Section 21(50 CFR 21). However, ARNHA only provided the permit starting on May 21, 2024. Also, based on discussion with several of ARNHA's board members and staff, ARNHA was noncompliant and did not have Migratory Bird Permit for the period under review until May 21, 2024.

Criteria

Per California Government Code sections 12586 and 12587 and Title 11 CCR sections 301-306, 309, and 312, ARNHA is required to submit Form RRF-1 along with IRS form 990 to Attorney General of California. Late filing may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties per Revenue & Taxation Code section 23703 and CA Government Code section 12586.1. In addition, ARNHA is required to file Form 199 to FTB.

Per Migratory Bird Treaty Act, 50 CFR 21, ARNHA is required to obtain and maintain an education purpose permit for taking, possession, transportation, sale, purchase, barter, importation, exportation, and banding or marking of migratory birds from U.S. Department of Fish and Wildlife.

Per the Lease Agreement (Lease Agreement) between the County of Sacramento Department of Regional Parks (Parks) and ARNHA for the Operations of the Effie Yeaw Nature Center (EYNC), section 41, *"ARNHA shall maintain its status as a nonprofit, public benefit association; exempt from federal income tax under Section*

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501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and registered with the Attorney General of California as a Charitable organization in the Registry of Charitable Trusts. Failure to maintain a charitable organization status after ninety days written notice and opportunity cure may result in termination of this lease."

Effect

Without proper Form RRF-1 and Migratory Bird Permit filings, ARNHA may be subject to revocation of fees and fines, revocation of nonprofit status, and termination of the Lease Agreement due to breach of contract.

Recommendation

Parks should follow up with ARNHA regarding any noncompliance issues related to permits and forms.

Parks should request ARNHA's licenses, registrations, permits, and tax forms status on an annual basis.

Parks' Management Response

Regional Parks agrees with this finding.

2. Interview with Board Members and Staff

Condition

We selected a total of seven (7) current board members, three (3) current staff, and two (2) former staff for interviews (total of 12). However, one (1) current board member declined our interview request. We also did not receive any response from one (1) former staff for our interview request. Consequently, we interviewed a total of ten (10) current board members, staff, and former staff. We summarized the concerns regarding operating deficiencies, control weaknesses, and legal, contractual, and financial compliance from the interviews as follows:

- ARNHA did not comply with 50 CFR 21 regarding migratory bird requirements as described at Finding No. 1 of this attachment.
- ARNHA did not file timely RRF-1 for the period from July 1, 2022, to June 30, 2023 as described at Finding No.1 of this attachment.
- Prior to 2024, it appeared that ARNHA did not have adequate written internal control procedures for all aspects of financial management as described at Finding No. 4 of this attachment.

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- Since 2024, ARNHA has developed some written internal control procedures. However, these procedures do not appear to be adequate as described at Finding No 4. of this attachment.
- We were informed that ARNHA had challenges timely maintaining its fiscal records due to staff turnover, inconsistent coding of financial transactions, and several manual processes which resulted in difficulty for the Board and staff to assess and monitor ARNHA's fiscal condition and that document retention practices were lacking. This is further evidenced by Finding No. 5 and 6 of this attachment.
- We were informed that ARNHA had several labor law issues and made compensation payments to affected employees related to the prior labor law issues.
- We were informed that there was a dispute about loaned pieces between ARNHA and an individual who claimed to have loaned several pieces to a prior ARNHA employee for display in the EYNC museum that were not returned. It was reported to us that an employee who had departed ARNHA in 2023 retained certain materials in their possession. Staff provided photos of materials that were mailed back to ARNHA in December 2024 from that former employee and were related to these museum pieces originally loaned to ARNHA.
- We were informed that the Board did not approve job descriptions, pay ranges or the number of positions authorized other than the as it relates to the position of the Executive Director. These matters of job descriptions, pay ranges, and number of positions were left to the sole discretion of the executive director who was expected to maintain the costs within the budget allocation. However, it was reported to us that one of the major fiscal challenges related to ARNHA was that structural changes were made that increased both the number of employees, classifications and pay rates above a sustainable level. This translated to the budget for payroll expenditures being exceeded without corresponding revenues.

Criteria

See Finding No. 4, and 7 of this attachment.

Effect

See Finding No. 4, and 7 of this attachment.

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Recommendation

See Finding No. 4, and 7 of this attachment.

Parks' Management Response

Addressed in response to findings in section 4.

3. Annual Report

Condition

ARNHA is required to provide annual reports to the Recreation and Park Commission per Section 11a of the Lease Agreement. Based on our review of annual reports, several required elements of information per the Agreement were not included in the annual report.

Criteria

Per Section 11a of the Lease Agreement, *“ARNHA shall provide annual reports to the Recreation and Park Commission, which shall describe its work from the year previous, and plans for the following year (“Annual Report”). Annual Report shall include a description of programs, number of participants served, profit/loss statement with line item expenditures, fees, and any facility improvement projects accomplished, in the format shown in Exhibit C.”*

Per Exhibit C of the Lease Agreement, “Annual Report will be provided to the Recreation and Park Commission that captures the following elements:

Summarize the Prior Calendar Year

- Revenues and Expenditures, including a profit/loss statement
- Staffing levels and any changes
- Number of volunteers and the number of volunteer hours
- Quantity and types of volunteers and the number of volunteers hours
- Quantity and types of programs and services, and the number of participants for each program and service
- Grants applied for and/or secured
- Capital improvement projects completed

Summarize the Prior Calendar Year

- Goals and Objectives for upcoming year
- Programs and services that will continue

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- New programs or changes to existing programs
- Staffing changes
- Plan for use of volunteers
- Proposed Budget outlining specific revenues and line item expenditures
- Proposed capital improvement projects or major maintenance projects.”

Effect

ARNHA was not in compliance with annual report requirements of the Lease Agreement. In addition, not providing all elements of required information reported on the annual reports may hinder Parks’ ability to properly oversee ARNHA’s operation of the EYNC.

Recommendation

Parks should review the Annual Report submitted by ARNHA upon receipt and follow up with any noncompliance with required information per the Lease Agreement. Parks management should consider re-evaluating the Lease Agreement with ARNHA if noncompliance persists.

Parks’ Management Response

In the past, Regional Parks accepted the public annual report from ARNHA, however moving forward will request a separate report be completed specifically to address the annual report requirements in the lease. It should be noted that deviations from the annual report were expressly given during COVID, when in-person programs were limited due to public health order.

4. **Written Financial Management Procedures and Recordkeeping**

Condition

Based on our procedures, we noted several significant issues about written procedures and recordkeeping as summarized below.

Prior to 2024, it appeared that ARNHA did not have written procedures for:

- Custody, deposit, and handling funds
- Procurement and payment
- Maintenance of restricted funds obtained from donors and grantors
- Payroll and human resources
- Tracking of donated or loaned art, museum pieces, or other works
- Filing of required forms and license/permits renewal

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- Financial reporting and reconciliation
- Recordkeeping

Since 2024, ARNHA has developed some written procedures as listed below:

- Cash handling
- Debit card use
- Disbursement and payment process
- Expense reimbursement
- Income recording and deposits
- Payroll and timesheet control
- Banking Authority
- Monthly Bank Statement Reconciliation

Based on review of the above written procedures, it appeared that the procedures did not provide adequate details for staff to follow. Also, ARNHA did not have written procedures for several other critical financial management areas.

In addition, ARNHA has not properly maintained its financial and program documents especially for documents prior to 2024. As a result, we were not provided with the requested documents to perform the majority of our procedures.

Criteria

Sound internal control practice requires ARNHA to maintain written policy and procedures for its staff to follow up and perform their duties. Also, sound internal control practice requires proper recording keeping an audit trail and maintaining accountability.

Some ARNHA's donors and grantors such as California Natural Resources Agency require ARNHA to maintain satisfactory financial records, documents, and records, and use applicable Generally Accepted Accounting Principles which require effective internal control.

Effect

Below are issues or potential issues as results of lack of written procedures and documentation:

- Non-compliance laws and regulations such as no migratory bird permit and late RRF-1 filing

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- Additional compensation to employees and potential penalty to tax authorities due to the labor law violations
- Dispute or non-compliance with donors' or grantors' agreements.
- Ineffective and/or inefficient operations
- Theft or misappropriation of assets
- Loss of public trust

Recommendation

Parks should follow up with ARNHA for its development of comprehensive written procedures. Parks may consider including annual or periodic audit requirements in the future Lease Agreement to ensure ARNHA has proper written policies and procedures, and complied with laws, regulations, and the Lease Agreement.

Parks' Management Response

Regional Parks has been in communication with ARNHA regarding the development of more robust written financial management policies and procedures and will continue to review these as they are drafted and implemented.

The current lease agreement is in its first of four authorized extended five-year terms, ending December 31, 2026 unless ARNHA notifies the County, and the County agrees to extend to the second extended five-year term. This should provide sufficient time to evaluate newly developed financial management policies and procedures and ensure that they are being followed consistently and correctly.

The current lease agreement contains language which allows the County to audit ARNHA's financial and program records. Should the lease be amended or re-drafted, additional language requiring annual audits may be considered.

5. Restricted Fund Tracking

Condition

We noted that ARNHA deposits restricted funds received to a commercial bank saving account. When payments from the restricted funds are needed, ARNHA transfers the payment amounts from that saving account to its operating checking account. Then, it makes restricted funds' payments from the checking account. ARNHA did not create any specific account codes in its accounting system to track each restricted funds' financial activities and related balances. However, it tracks restricted funds' financial activities and running balances manually using an excel workbook. ARNHA does not

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appear to have reconciled its manual tracking of restricted funds to balances in the commercial savings account.

In addition, we noted that ARNHA has made several fund transfers from the restricted funds' saving account to its operating checking account to cover its payroll and other operating payments since October 2023. These transfers appeared not for the restricted funds' purposes; however, we were unable to determine whether any restricted funds were misspent.

Criteria

ARNHA should track its restricted funds' financial activities and balances in accordance with its agreements with the grantors and donors. These activities should be regularly reconciled with bank and accounting records.

ARNHA's restricted funds should be spent only for the restricted purposes per the agreements with the grantors and donors.

Effect

Tracking restricted funds' financial activities and balances manually is less efficient and more time-consuming than tracking the activities and balances by assigning specific account codes for each restricted item in the accounting system. Also, tracking financial activities and balances is more likely to incur errors and mistakes than tracking by assigning specific codes.

In addition, it is possible that transferring from the restricted funds' saving account to operating checking does not comply with the restricted funds' agreements. This can be prevented through regular reconciliation of restricted balances to funds on hand.

Recommendation

Parks should ask ARNHA to consider assigning account codes for each restricted item in its accounting system for tracking each restricted item's financial activities and balances.

In addition, Parks should ask ARNHA to review its restricted fund agreements and its financial activities to ensure the appropriate restricted balances are on deposit and to determine whether any prior transfers from saving accounts to checking accounts are non-compliance with the agreements for the EYNC.

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ARNHA should contact its grantors and donors to resolve any identified non-compliance with the agreements.

Parks' Management Response

Regional Parks agrees with this finding.

6. Expenditure Supporting Documentation

Condition

We haphazardly selected 90 expenditure transactions from ARNHA's general ledger and bank statements for testing. However, we were not provided with any supporting document for 55 of the 90 selected expenditures representing 61% of the sample selected.

We were provided with some supporting documentation for the 35 of the 90 selected expenditures to test whether these expenditures were appropriately authorized and adequately documented as to the business necessity of the expenditures.

Based on a review of these 35 expenditures supporting documents, we noted below exceptions and concerns:

- 30 expenditures did not have any written or documented evidence of approval. 13 of these 30 expenditures were either bank account transfers or withdrawals without evidence of approval.
- 17 expenditures did not have adequate documentation to clearly support the reasons the transaction was conducted and the business necessity. 13 of these 30 expenditures are either bank account transfers or withdrawals without adequate documentation.

Criteria

ARNHA's 2024 disbursement process/payment procedures require executive director's pre-approval of payment.

Sound internal control practices require that payments are properly approved and that supporting documentation is properly maintained.

Effect

Without adequate approval processes and appropriate documentation, unauthorized expenses or misappropriation of assets could potentially occur and not be detected.

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Recommendation

Parks should follow up with ARNHA for to ensure appropriate internal controls around the expenditure process.

Also, Parks may consider including annual or periodic audit requirements in the Lease Agreement to ensure ARNHA has proper internal controls for the expenditure of funds related to EYNC.

Parks' Management Response

See response to Section 4.

7. Payroll Supporting Documentation

Condition

We haphazardly selected 5 permanent staff and 2 part-time staff from ARNHA's payroll journals each year to test their one-month salary, overtime, sick, vacation, and other paid time off (Total of 28 selected monthly payroll transitions). We obtained and reviewed ARNHA's 2024 employee handbook, financial control procedures, and overtime/compensatory time authorization request form. However, these documents do not include any job descriptions or payrates or salary schedules. We were not provided with any payroll and human resources policies and procedures prior to 2024.

Based on our testing of the 28 payroll transactions, we noted the following exceptions and issues.

- One (1) payment was not matched with the employee's 2024 employment agreement.
- Fifteen (15) payments' working hours were matched with electronic timesheets generated from the same payroll system as payroll journal. However, the electronic timesheets did not include any payroll nor documentation of approval. Therefore, we were not able to verify the payments were properly approved and calculated correctly.
- Three (3) payments' working hours were not matched with electronic timesheets generated from the same payroll system as payroll journal. As noted above, we were not able to verify the payments were properly approved and calculated correctly.
- Six (6) payments did not have supporting documentation.

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 Department of Regional Parks
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For the Period July 1, 2020, to September 30, 2024

- The 28 payroll transaction reports did not include the employees' sick leave, vacation, and other time off activities and balances. Therefore, we were not able to test these activities and balances.

Criteria

ARNHA's 2024 payroll/timesheet control procedures require the payroll register be approved and reviewed.

Sound internal control practices require payroll payments to be properly approved and support document properly maintained such as job descriptions, salary schedules and payrates.

Effect

Without adequate approval process and documentation, unauthorized payroll expenses or misappropriation of assets could potentially occur and not be detected.

Recommendation

Parks should follow up with ARNHA to ensure appropriate internal controls around the for the payroll process and ARNHA's consideration of establishing documented job descriptions and Board approved salary schedules and payrates

Also, Parks may consider including annual or period audit requirements in the Lease Agreement to ensure ARNHA has proper internal controls for payroll process related to EYNC.

Parks' Management Response

See response to Section 4.

8. Property Insurance Coverage

Condition

ARNHA did not have property insurance coverage as required by the Lease Agreement.

Criteria

Per Lease Agreement, ARNHA is required to maintain property insurance by replacement cost value on building and tenant's improvements and betterments. "ARNHA shall maintain all insurance coverages in place at all times and provide the

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County with evidence of each policy's renewal ten (10) days in advance of its anniversary date."

Effect

Without property insurance coverage, ARNHA and the County's properties could be at risk.

Recommendation

Parks should require ARNHA to obtain adequate property insurance or should modify the Lease Agreement if that coverage is determined not to be necessary.

Parks should also require ARNHA to provide its certificates of insurance coverage annually per the Lease Agreement.

Parks' Management Response

Regional Parks has confirmed with County Risk Management that the building facilities at EYNC are covered by the County's Property insurance and will not be requiring ARNHA to provide additional property insurance for the buildings. However, insurance shall be provided for all exhibits and other property owned or utilized for the operation of EYNC and its programs.

Copies of the certificates of insurance are in file at Regional Parks.

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<u>Account</u>	<u>June 30,</u> <u>2020</u>	<u>Annual</u> <u>Change</u>	<u>June 30,</u> <u>2021</u>	<u>Annual</u> <u>Change</u>	<u>June 30,</u> <u>2022</u>	<u>Annual</u> <u>Change</u>	<u>June 30,</u> <u>2023</u>	<u>Annual</u> <u>Change</u>	<u>June 30,</u> <u>2024</u>	<u>Quarter</u> <u>Change</u>	<u>Sept. 30,</u> <u>2024</u>	Note
Assets												
Checking Account	\$ 53,832	241%	\$ 183,752	51%	\$ 277,829	-42%	\$ 160,039	-53%	\$ 75,057	-58%	\$ 31,807	1
Savings Accounts	216,263	-48%	113,145	38%	155,701	75%	272,434	-76%	65,442	38%	90,075	2
Reserve Funds Account	271,691	0%	272,757	0%	273,498	10%	302,050	-41%	178,388	-31%	122,377	3
Paypal, Active Network, Stripe	7,392	22%	8,982	20%	10,810	-55%	4,836	-32%	3,295	-15%	2,810	
Change Fund and Petty Cash	283	0%	283	0%	283	0%	283	139%	676	5%	711	
Sacramento Regional Community Foundation	87,566	27%	111,206	-14%	96,088	41%	135,330	11%	150,646	0%	150,646	4
Accounts Receivable	17,353	-42%	10,119	44%	14,559	109%	30,446	19%	36,226	-33%	24,124	
Undeposited Funds	5,714	-80%	1,171	97%	2,310	124%	5,177	421%	26,977	-64%	9,689	
Inventory Asset	71,912	2%	73,333	-20%	58,552	50%	87,585	0%	87,585	0%	87,585	
Furniture & Fixtures	1,142	0%	1,142	0%	1,142	0%	1,142	0%	1,142	0%	1,142	
Vehicles	24,977	0%	24,977	30%	32,447	181%	91,033	0%	91,033	4%	94,333	5
Accumulated Depreciation	(28,256)	5%	(29,662)	0%	(29,662)	0%	(29,662)	0%	(29,662)	0%	(29,662)	6
Improvements	6,724	0%	6,724	0%	6,724	0%	6,724	0%	6,724	0%	6,724	
Total Assets	<u>\$ 736,592</u>		<u>\$ 777,929</u>		<u>\$ 900,281</u>		<u>\$ 1,067,417</u>		<u>\$ 693,528</u>		<u>\$ 592,360</u>	
Liabilities:												
Accounts Payable and Accrued Expenses	\$ 21,632	-4%	\$ 20,801	-90%	\$ 2,086	-11%	\$ 1,857	3364%	\$ 64,319	29%	\$ 83,193	6, 7
Accrued Payroll	57,201	13%	64,791	-100%	-	0%	(307)	-130%	92	383%	446	6
California BOE Payable	2,974	-16%	2,512	36%	3,419	-5%	3,232	-3%	3,130	-75%	779	
Accrued Vacation	17,374	18%	20,557	78%	36,644	-31%	25,135	0%	25,135	0%	25,135	6
PPP Loan Payable	96,936	-72%	27,267	-100%	-	0%	-	0%	-		-	
Total Liabilities	<u>\$ 196,117</u>		<u>\$ 135,928</u>		<u>\$ 42,150</u>		<u>\$ 29,917</u>		<u>\$ 92,677</u>		<u>\$ 109,552</u>	
Equity:												
Temp Restricted funds	\$ -	0%	\$ -	0%	\$ 41,987	0%	\$ 41,987	0%	\$ 41,987	0%	\$ 41,987	6
Permanently Restricted	52,344	0%	52,344	0%	52,344	0%	52,344	0%	52,344	0%	52,344	6
Restricted for EYNC Ops	12,831	0%	12,800	-100%	(31)	0%	(31)	0%	(31)	0%	(31)	
Board Designated	113,073	31%	148,073	-35%	95,737	-20%	76,567	0%	76,567	0%	76,567	6
Unrestricted	362,227	18%	428,784	56%	668,095	30%	866,633	-50%	429,985	-27%	311,940	
Total Equity	<u>\$ 540,475</u>		<u>\$ 642,001</u>		<u>\$ 858,132</u>		<u>\$ 1,037,500</u>		<u>\$ 600,852</u>		<u>\$ 482,807</u>	

The financial information was provided by ARNHA. We did not audit nor verify the accuracy of the financial information. Accordingly, no assurance or opinion about the information is provided.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

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Account	July 1, 2019 to June 30, 2020	Annual Change	July 1, 2020 to June 30, 2021	Annual Change	July 1, 2021 to June 30, 2022	Annual Change	July 1, 2022 to June 30, 2023	Annual Change	July 1, 2023 to June 30, 2024	July 1, 2024 to Sept. 30, 2024 (8)	Note
Income:											
Membership	\$ 61,945	9%	\$ 67,395	59%	\$ 106,984	-26%	\$ 78,666	-3%	\$ 76,172	\$ 11,789	9
Donations - Appeals	109,503	45%	158,261	-9%	143,343	28%	183,508	-29%	130,488	24,046	10
Gifts and Sponsorships	150,226	-6%	140,544	-6%	132,633	-5%	125,546	-28%	90,841	21,263	10
Foundation and Government Support	41,994	246%	145,260	54%	224,407	52%	341,459	-56%	149,760	23,451	11
School and UNP Programs	86,368	-55%	38,452	222%	123,647	8%	134,006	-4%	128,517	35,621	12
Camps	12,887	159%	33,363	160%	86,891	17%	101,977	-42%	58,764	908	13
Family, Adult, Group Programs	28,761	-54%	13,133	125%	29,551	-1%	29,277	-12%	25,802	11,433	
Events	112,976	37%	155,259	5%	163,581	8%	177,030	1%	179,213	11,780	
Sales Revenue	59,827	-39%	36,717	92%	70,329	9%	76,685	2%	78,162	10,566	
Temp Restricted Income	73,245	-84%	11,777	450%	64,796	-56%	28,320	-100%	-	-	
Uncategorized Income	426	15%	490	11%	546	-43%	310	19%	369	275	
Total Income	<u>\$ 738,159</u>		<u>\$ 800,652</u>		<u>\$ 1,146,709</u>		<u>\$ 1,276,784</u>		<u>\$ 918,087</u>	<u>\$ 151,132</u>	
Costs of Good Sold	26,554	-62%	9,991	327%	42,684	1%	42,987	-22%	33,521	-	
Gross Profit	<u>\$ 711,605</u>		<u>\$ 790,661</u>		<u>\$ 1,104,025</u>		<u>\$ 1,233,797</u>		<u>\$ 884,567</u>	<u>\$ 151,132</u>	
Expenses:											
Operations	\$ 92,439	-16%	\$ 77,506	27%	\$ 98,713	21%	\$ 119,722	-8%	\$ 109,926	\$ 41,859	
Depreciation Expense	5,067	-72%	1,406	-100%	-	0%	-	0%	-	-	6
Facilities and Maintenance	23,112	27%	29,455	212%	91,998	-26%	68,039	-61%	26,429	3,458	14
Fundraising	38,605	-13%	33,634	43%	48,005	19%	56,988	47%	83,570	11,157	15
Program Supplies & Materials	6,288	1%	6,378	187%	18,279	78%	32,514	-76%	7,862	1,856	
Personnel	550,737	-4%	529,348	20%	636,404	23%	779,831	23%	956,323	196,687	16
Animal Care	6,140	68%	10,293	-13%	8,957	43%	12,784	33%	17,004	9,448	
UNP - Expense	33,874	-28%	24,549	38%	33,891	-46%	18,282	137%	43,291	-	
Uncategorized Expense	(53)	-60%	(21)	-100%	-	0%	-	0%	(763)	(1,329)	
Total Expense	<u>\$ 756,210</u>		<u>\$ 712,547</u>		<u>\$ 936,248</u>		<u>\$ 1,088,160</u>		<u>\$ 1,243,643</u>	<u>\$ 263,137</u>	
Net Operating Income (Expense)	<u>\$ (44,605)</u>		<u>\$ 78,114</u>		<u>\$ 167,777</u>		<u>\$ 145,637</u>		<u>\$ (359,076)</u>	<u>\$ (112,005)</u>	
Other Income and (Expenses)											
Other Revenue	\$ 23,270	9%	\$ 25,297	-100%	\$ (63)	-62781%	\$ 39,188	-29%	\$ 27,865	\$ 3,880	
Capital Improvements/Projects	-	0%	(1,931)	38%	(2,660)	105%	(5,457)	1763%	(101,684)	(3,080)	17
Cash Over/Short	(0)	20148%	(47)	-98%	(1)	-100%	-	0%	-	-	
Total Other Income and Expenses	<u>\$ 23,270</u>		<u>\$ 23,319</u>		<u>\$ (2,723)</u>		<u>\$ 33,731</u>		<u>\$ (73,819)</u>	<u>\$ 800</u>	
Net Income (Loss)	<u>\$ (21,335)</u>		<u>\$ 101,433</u>		<u>\$ 165,054</u>		<u>\$ 179,368</u>		<u>\$ (432,895)</u>	<u>\$ (111,205)</u>	

The financial information was provided by ARNHA. We did not audit nor verify the accuracy of the financial information. Accordingly, no assurance or opinion about the information is provided.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

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Summary of explanations of major account balance changes by ARNHA

1. The significant increase in Checking Bank Account balances from 2020 to 2021 was caused by COVID related received government funding. The significant decrease in Checking Account balance from 2022 to 2023 was caused by unmitigated payroll and capital improvement expenses.
2. A dedicated Saving Bank Account is used to account for restricted funds received from donors and grantors. ARNHA transfers funds from the Saving Account to Checking Account for the restricted funds' expenses. The significant decrease in Saving Accounts balances from 2023 to 2024 was caused by transferring to checking account to cover unmitigated payroll and capital improvement expenses.
3. The increase in Reserve Fund Bank Account balance from 2022 to 2023 was caused by the deposit of some COVID funds for future contingency. The significant decrease of Reserve Fund Account balance from 2023 to 2024 was caused by transferring to Checking Account to cover unmitigated payroll and capital improvement expenses.
4. The account is under management of Sacramento Regional Community Foundation for ARNHA's endowment fund.
5. The significant increase in Vehicles balances in 2023 was caused by purchases of a passenger vehicle and an all-terrain vehicle.
6. The account has not been updated for some or all periods.
7. ARNHA incurred significant capital improvement expenses in 2024.
8. The financial data for the 3-month period is not compared with the previous annual period's financial data.
9. The increase in Membership Income from 2021 to 2022 was caused by more people getting into an outdoor environment during COVID. The other changes are not predictable.
10. The decreases in Donations, Gifts, and Sponsorships from 2023 to 2024 were caused by staff turnover and management issues.
11. The changes of Foundation and Government Support income were caused by receiving COVID related government funds and community support during the COVID time frame and subsequently declined.

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Summary of explanations of major account balance changes by ARNHA

12. The decrease in School and UNP Program Income from 2020 to 2021 was caused by COVID closure.
13. The decrease in Camp Income from 2023 to 2024 was caused by redirect of focus on other areas.
14. The increase in Facilities and Maintenance Expenses from 2021 to 2022 was caused by COVID related deferred maintenance expenses.
15. The steady increase in Fundraising Expenses was caused by hiring two grant writers, one fund development manager, and software.
16. The steady increase in Personnel Expenses was caused by increased staffing due to COVID related government fundings, increased pay rates, and staff turnover costs.
17. The 2024 Capital Improvement and Projects Costs included Sacramento County's required CEQA evaluation and other grant related project costs.

The summary of explanation of major account balance changes was provided by ARNHA. We did not perform any procedures to verify the accuracy of explanation. Accordingly, no assurance or opinion about the explanation is provided.

See Independent Accountant's Report on Applying Agreed-Upon Procedures

County of Sacramento
Department of Regional Parks
American River Natural History Association (ARNHA)
Effie Yeaw Nature Center (EYNC)
Agreed-Upon Procedures
ARNHA responses to Findings and
Recommendations



2850 San Lorenzo Way, Carmichael, CA 95608 · 916.489.4918 · effieyeawnature.org

April 1, 2025

Ms. Liz Bellas, Director
Department of Regional Parks
County of Sacramento
10361 Rockingham Drive, Suite 100
Sacramento, CA 95827

Re: ARNHA Reply to Independent Accountant's Report on Applying Agreed-Upon
Procedures

Dear Ms. Bellas:

This letter responds to your correspondence to me dated March 28, 2025 and the related accountant's report (the "Report") on applying agreed-upon procedures regarding review of compliance with the Lease Agreement between the County of Sacramento and American River Natural History Association ("ARNHA") dated April 13, 2011 (the "Lease"). ARNHA is governed by a Board of Directors, and I have reviewed the Report and this reply with the full Board, which supports this reply and its commitments.

Introduction and Overview

ARNHA is the nonprofit organization that operates the Effie Yeaw Nature Center on County park land along the American River in Carmichael. The Nature Center, a well-known and beloved community learning place along the Lower American River for nearly 50 years, faces a financial challenge. This situation worsened after the loss of federal support that was available during the COVID-19 pandemic, along with a decline in public contributions. Although recent donations have provided temporary financial relief, they have only extended the center's operations for a limited time. The center now needs new leadership and a comprehensive financial strategy to secure its long-term sustainability.

We are pleased that the Report did not find any evidence of malfeasance, fraud, or embezzlement. However, the review identified several issues involving financial and payroll/human resources oversight and weak organizational policies. It also revealed areas

of poor management, with some lapses of regulatory paperwork and adherence to proper financial controls. These issues with internal controls and oversight have contributed to operational challenges and compliance lapses, underscoring the need for a strategic update of ARNHA's governance and financial and HR management practices.

ARNHA thanks the County for its thorough review, Report, and recommendations. The recommendations will improve ARNHA practices and procedures moving forward.

ARNHA's substantive response will be presented in seven sections as indicated below. The Report provided to us consists of two principal parts – a 6-page letter from Hong Lun (Andy) Yu to Liz Bellas dated March 28, 2025 (the "Letter") and a 12-page Attachment 1, Current Findings and Recommendations ("Att. 1"). Each response will cite the relevant sections of the Letter and Att. 1.

1. Licenses, Registrations, Permits, and Forms (Letter, sec. 1 & Att. 1, sec. 1)

We acknowledge that Form RRF-1 for 2022-23 was filed three months late. This was due to a management oversight at that time. We are implementing improved checklists and calendaring that should avoid these late filings in the future.

With regard to the California Secretary of State records, we would like to add that ARNHA was in good standing throughout the entire 2020-24 period of the County evaluation. The Secretary of State website lists each corporation's status history. The last time ARNHA had any deficiency was 2013 (which was promptly remedied).

Federal and state regulatory requirements concerning the possession and display of wild birds are extensive and complicated. In fall 2024, ARNHA rehomed and transferred all of its birds. Consequently, this issue now is moot. ARNHA plans to build a new aviary in the future and restart the bird program, at which time ARNHA will comply with all federal and state permit requirements.

2. Interviews with Board Members and Staff (Letter sec. 2 & Att. 1, sec. 2)

Regarding the substantive issues raised in the County's interviews, our reply is addressed elsewhere in this letter.

3. Annual Report (Letter sec. 3 & Att. 1, sec. 3)

We acknowledge that the annual reports in recent years have been less robust than earlier reports. Looking back, we see that the reports did not fully comply with the Lease requirements, but we also note that until now the County has not expressed any dissatisfaction with ARNHA's reports. Nevertheless, ARNHA agrees with the recommendation, and we will prepare more detailed and Lease-compliant annual reports in subsequent years.

4. Financial Internal Control Policies, Procedures and Management (Letter sec. 4-10 & Att. 1, sec. 4-6)

Policies and Procedures

We agree with the recommendation to adopt and implement more detailed financial internal control policies and procedures. ARNHA has existing policies, but we acknowledge that they lack sufficient detail and could be improved. The ARNHA Internal Affairs Committee already has started the process to review the existing policies and evaluate improvements. The committee plans to recommend expanded and improved internal control policies and procedures to the ARNHA Board within the next three months. We will send the document to your office when it's completed.

On a related matter, ARNHA recently retained a new certified public accountant firm with expertise in nonprofit organizations. The new CPA already has instituted bookkeeping improvements, which include an improved system to track restricted fund financial activities and balances.

Recordkeeping

As a small nonprofit organization with limited staff and funding, ARNHA struggles with its recordkeeping. This challenge has been exacerbated in recent years by significant turnovers in management staff. By the time ARNHA received the County's requests for documents relating to its Lease compliance review, we no longer had the management staff who were familiar with ARNHA's document management and recordkeeping. Instead, we had new and reduced staff.

ARNHA and its current staff and some directors and volunteers did the best they could to find all of the documents requested by the County. It was a voluminous series of requests. We acknowledge, though, that despite our good faith efforts we were unable to find all of the documents desired by you and your staff, which is unfortunate.

Improved financial-related recordkeeping will be included in the modified internal control policies and procedures. Additionally, we have directed ARNHA's new Associate Executive Director to evaluate ARNHA's recordkeeping system and report back to the Board with recommended improvements.

Interfund Transfers

In Att. 1, section 5, the County notes that ARNHA has made interfund transfers from restricted funds to the checking account for cash flow purposes. The Report then concludes that these "transfers appeared not for the restricted funds' purposes; however, we were unable to determine whether any restricted funds were misspent." We disagree with this conclusion.

In nonprofit (and other) organizations, interfund transactions can be used for cash flow management purposes. (See, e.g., Compliance and Transparency: Managing Interfund Transactions in Nonprofits article at <https://www.claconnect.com/en/resources/blogs/compliance-and-transparency-managing-interfund-transactions-in-nonprofits>.) Last year, ARNHA suffered cash flow problems. Consequently, to ensure that payroll was covered, the then-Executive Director made a few temporary transfer/loans from the restricted funds to checking. The ARNHA Treasurer (who's a member of the Board) authorized them, and he reported the transactions to the full Board. The loans were promptly repaid within a few weeks. This was a proper interfund transfer/loan. The restricted funds were not used for any unauthorized purpose. We will continue to closely monitor the restricted funds to ensure that they remain segregated and are not used for any unauthorized purposes.

5. Human Resources/Payroll Internal Process Controls and Documentation (Letter sec. 11 & Att. 1, sec. 7)

Similar to the discussion above, we acknowledge that ARNHA's payroll-related recordkeeping could be improved and that some payroll approval practices have been informal and not well documented.

ARNHA agrees with the County's recommendation to adopt and implement more detailed internal payroll process policies and documentation. The Internal Affairs Committee plans to evaluate the existing policies and practices and recommend expanded and improved process control policies and procedures to the ARNHA Board within the next three months. We will send the document to your office when it's completed.

On related matters, ARNHA recently retained a new outside payroll service (Automatic Business Computing, LLC, dba ABC Workforce) and we already have seen improvements through this new system to prepare, review, and approve payroll. We also plan to retain a new human resources consultant to aid us with labor law compliance.

6. Property Insurance (Letter sec. 12 & Att. 1, sec. 8)

ARNHA acknowledges that we have not provided property insurance covering the Nature Center buildings and that we have been out of compliance for years. Until the Report, the County has not enforced this requirement.

ARNHA does not own the Nature Center land or buildings. Rather, the County does and it already insures its property. ARNHA carries and has in the past provided the other insurance coverages required by the Lease. We did not purchase property insurance on the County buildings because it is not customary or expected for a tenant to insure the landlord's building.

We could purchase this coverage but would prefer to spend the money on staff and programming. Since the County already insures the buildings, ARNHA requests that the County not enforce the requirement and that we consider amending the Lease to remove it. We thank you for your consideration of this request.

7. EYNC Staffing and Programming (Letter sec. 13-17)

The 2011 Lease required ARNHA to prepare an operating plan within 90 days for County review and approval and to comply with that plan. ARNHA then prepared and the County approved the operating plan (which is labelled Business Plan, Effie Yeaw Nature Center and dated July 1, 2010). The parties have not modified the Business Plan since 2011. The Business Plan addresses staffing requirements that were unique to ARNHA's takeover of County operations and staff at that time. It also addressed specific programming being provided at the time.

Sections 13-17 of the Letter relate to ARNHA compliance with the Business Plan. We acknowledge that ARNHA currently does not operate the Nature Center consistent with the Business Plan. Frankly, the plan's obsolete and out of date. Programming has evolved over the 14-year period to reflect changing needs and interests, and the 10-year staff experience requirement no longer is practicable. In hindsight, the parties should have periodically modified the Business Plan over the years to address changing circumstances. We propose that ARNHA and the County reevaluate the Business Plan and modify it to incorporate current staffing, programming, and practices. Let us know if you agree.

Conclusion

In closing, we would like to highlight some other actions in recent months that demonstrate ARNHA's intention to improve operations and management:

- The Board of Directors has been refreshed with new leadership and skills, including a new Board President, Greg Dewey, eight new directors within the last year, and a new director with financial expertise to help provide improved oversight.
- The Board conducted a retreat over three days that was moderated by Kim Tucker of the Impact Foundry to improve the Board's practices and efficiencies, for better oversight going forward.
- ARNHA has restructured the Executive Director position by hiring Rachael Cowan as Associate Executive Director, with oversight provided by Betty Cooper, a longtime Board and staff member, acting as Interim Executive Director.
- ARNHA has been transparent with the community and supporters, hosting several town hall meetings and providing updates via the website, social media, newsletters, and other channels.
- ARNHA has reduced staffing and related payroll expenses to a more manageable amount, while maintaining sufficient staffing to provide ongoing programming.
- ARNHA conducted a very successful fundraising campaign that cured the cash flow crisis.
- The Board has started work on a new budget and financial plan that will provide for sustainable revenue and operations moving forward.

Thank you again for your and your staff's thorough review and constructive comments. We look forward to continuing to work in partnership with the County to ensure future compliance with the Lease and strong operations and management at the Nature Center.

Sincerely,

ARNHA Board of Directors

By: *Greg Dewey*
Greg Dewey, Board President