

NOTICE - AUDIT COMMITTEE MEETING

On Wednesday, October 7, 2026 at 11:15 AM, the Audit Committee of The Northwest Seaport Alliance (NWSA) Managing Members will meet to discuss the agenda items listed below. Committee members will attend virtually with no physical meeting location. The meeting will be streamed live on the NWSA's public website at <https://portal.veconnect.us/p/nwseaportalliance>.

AGENDA

1. Approval of the minutes: April 30, 2026
2. 2025 Accountability Audit Entrance Conference: Washington State Auditor
3. 2026 Financial Statement Audit and Audit of Expenditures of Federal Awards: Baker Tilly



AUDIT COMMITTEE MEMBERS PRESENT

Port of Seattle Commissioners Ryan Calkins
Port of Tacoma Commissioners J.T. Wilcox, Kristin Ang
Members excused: Commissioners Fred Felleman and Deanna Keller

OTHERS PRESENT

Donald Kelley, Director, Accounting and Port Auditor
David Morrison, CFO
Dana Henderson, General Counsel
Olga Darlington, Baker Tilly (financial auditors)
Anna Waldren, Baker Tilly
Saundra Groshong, State Auditor's Office (SAO)
Carolyn Seeberger, SAO
Christopher Ruiz, SAO
Leilani Berinobis, Executive Business Partner
Juliet Campbell, Clerk

Commissioner Wilcox called the meeting to order at 12:02 p.m.

APPROVAL OF THE MINUTES

The minutes of the September 30, 2025 and March 11, 2026 audit committee meeting were approved by unanimous consent.

FINANCIAL AUDIT EXIT 2025

Representatives from Baker Tilly, NWSA's independent financial auditors presented the results of the annual audit of the NWSA's financial statements and single audit over major federal programs or federal awards received by the NWSA. Both were considered "clean" audits, meaning there were no findings and the auditors had no disagreements with management or other issues in the performance of their audits.

ACCOUNTABILITY AUDIT EXIT CONFERENCE

Representatives from the Washington State Auditor's Office (SAO) presented the results of their Accountability Audit of the NWSA for the period covering January through December 2024. In the selected areas for examination, the SAO reported that NWSA's operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

With no further business, the meeting adjourned at 12:30 p.m.

Ryan Calkins
Audit Committee Co-Chair
The Northwest Seaport Alliance

Deanna Keller
Audit Committee Co-Chair
The Northwest Seaport Alliance

Prepared by: Juliet Campbell, NWSA Clerk

Minutes approved: _____.



Entrance Conference

The Northwest Seaport Alliance

Saundra Groshong
Audit Manager

Chris Ruiz
Audit Supervisor

Carolyn Seeburger
Audit Lead

October 7, 2026

This presentation is intended to be viewed in conjunction with the complete packet of entrance materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing PublicRecords@sao.wa.gov.



About SAO

- Established in State Constitution
- Led by State Auditor Pat McCarthy
- Auditor of all public accounts
- Audits more than 160 state agencies and 2,200 local governments
- Audits 43 different government types
- Staffed by nearly 500 employees



“ Our mission is to promote accountability and transparency in government. ”

State Auditor Pat McCarthy



Audits that matter

Accountability

Financial

Federal

Performance audits

Cybersecurity audits

Energy compliance
audits

Citizen hotlines

Special
investigations

Other engagements

2,501 audits conducted

(July 1, 2024 – June 30, 2025)



Work of Other Auditors

- A financial statement audit and an audit of expenditures of federal rewards for fiscal year 2025 were performed by Baker Tilley.
- We will review their work and determine if anything causes concern about its quality.
- We will remain alert and report to you on whether any limitations restricted our analysis of the other audit.
- We will notify you if we notice any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.



Accountability audit

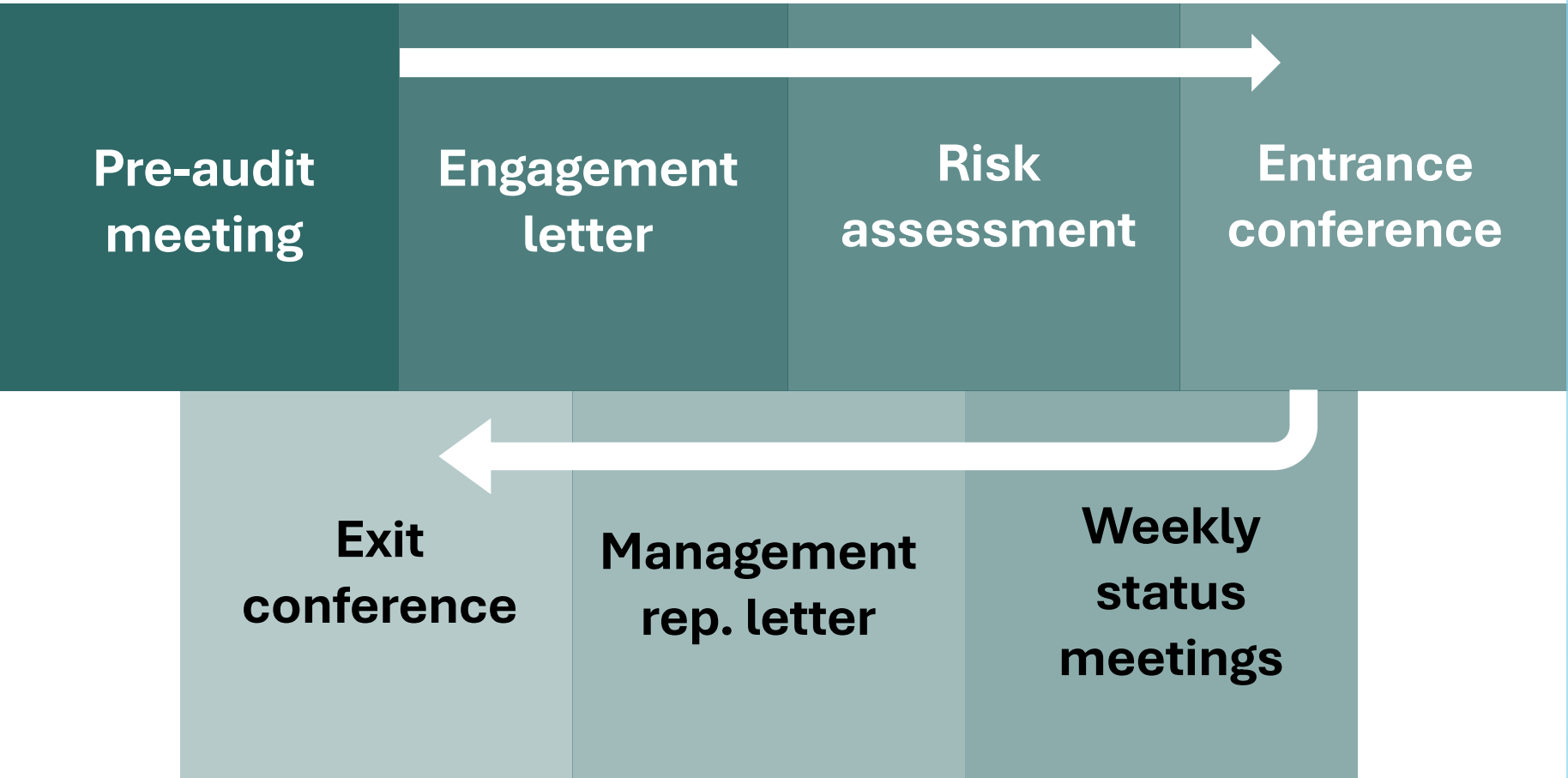
January 1, 2025, through December 31, 2025

Using a risk-based audit approach for the Port, we plan to evaluate the following areas:

- Accounts payable - credit cards
- Bank accounts – review of activity
- Self-insurance health and welfare, unemployment, and workers compensation
- Compliance with incentive programs
- Accounts payable – electronic funds transfers
- Payroll – electronic funds transfers
- Accounts receivable – wharfage revenue
- Tenant leases – compliance with contract terms and vacancy testing
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings and executive session requirements



Staying connected



Levels of reporting

Findings

Included in
audit report

Management
letters

Referenced in
audit report

Exit items

Communicated to
management





Important information

Confidential
information

Audit costs

Audit dispute
process

Loss
reporting

Onsite Audit Work

We are committed to working with our state and local partners to complete audits as efficiently and effectively as possible.

Supporting **onsite audit work**, even in a limited or hybrid capacity, can greatly improve the audit by providing:

In-person
collaboration

Efficient and
secure sharing
of hard copy
records

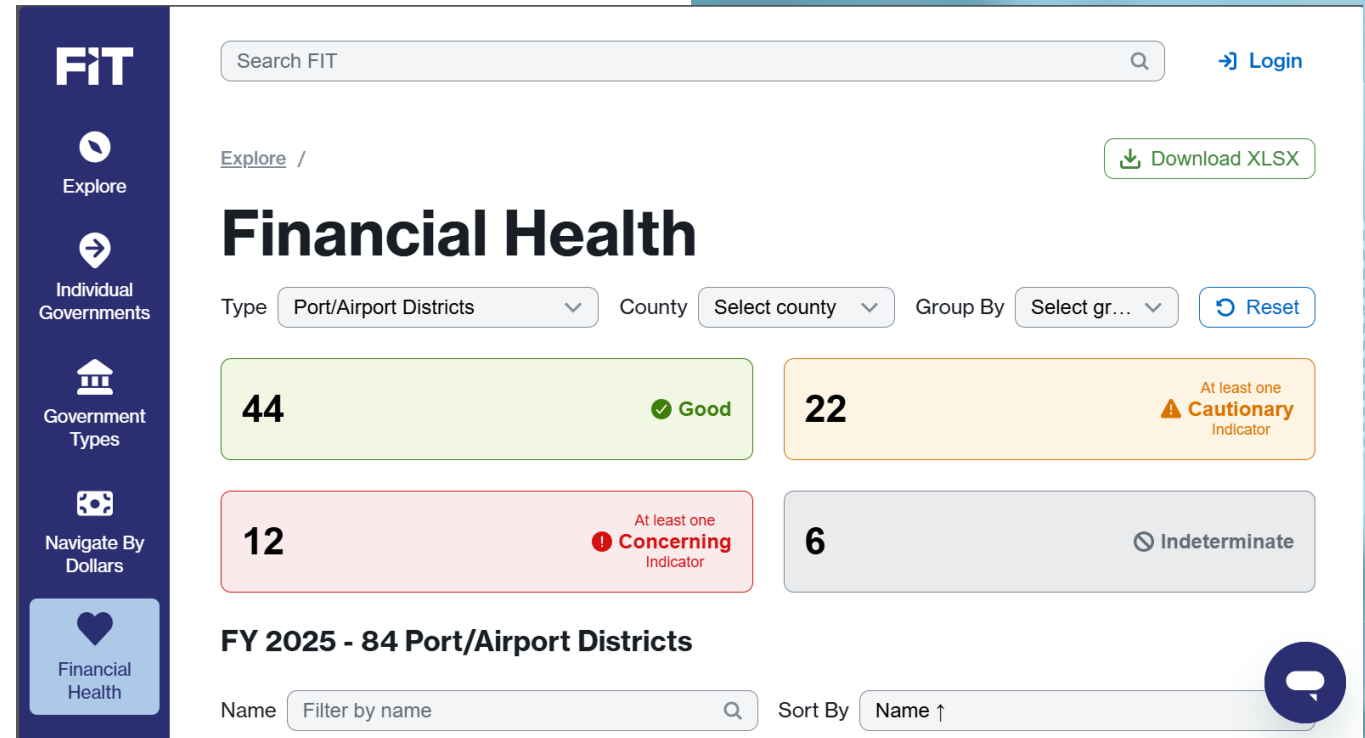
Faster audits



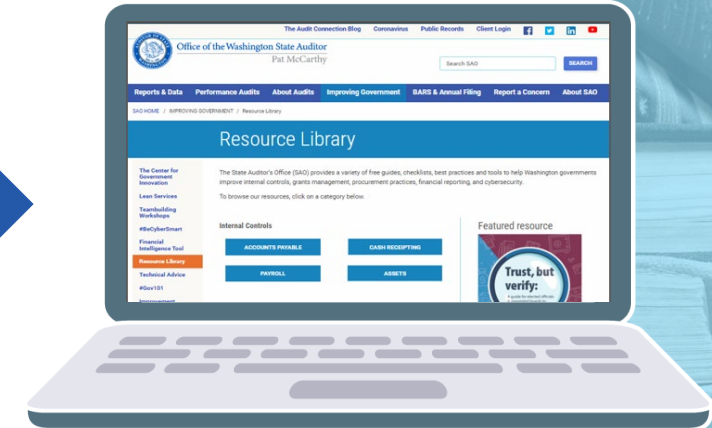
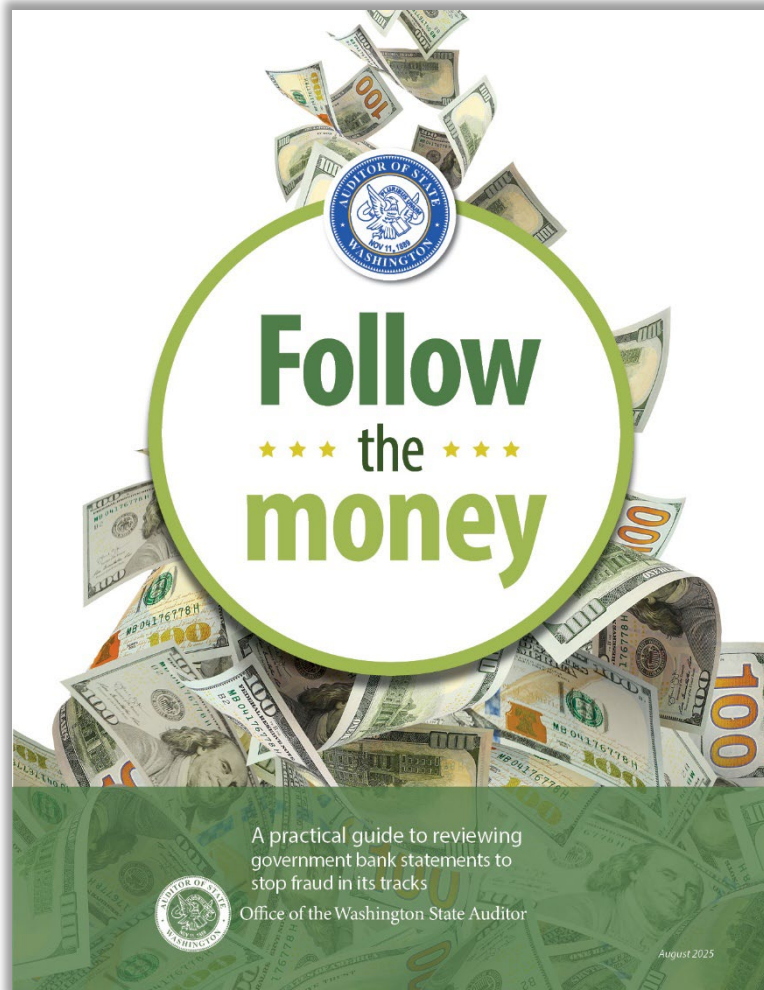


FIT provides data and information

- Clear picture of your government's overall financial health
- Indicators highlight strengths and areas needing attention
- Data that helps guide budgeting and planning decisions



Fraud prevention resource



Available in our resource library, SAO's latest fraud prevention resource shows government officials how a 30-minute bank statement review can spot the red flags of fraud.

SAO's #BeCyberSmart program includes cyber checkups

Our cybersecurity experts can assess your government's vulnerability to common threats, and help you:

- Understand cybersecurity safeguards and why they're important
- Identify cybersecurity gaps and prioritize improvements

Checkups are fast, free and confidential.





Questions



Saundra Groshong

Audit Manager

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The Northwest Seaport Alliance

2026 Audit Planning

Discussion with the Audit
Committee

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Agenda

1. Your Service Team
2. Scope of Services and Audit Deliverables
3. Significant Risks and Areas of Audit Emphasis
4. Audit Timeline
5. Recent Accounting Developments

Your Service Team



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Scope of Services and Audit Deliverables

Services Baker Tilly US, LLP is engaged to provide to The Northwest Seaport Alliance:

Annual Audit

Annual financial statement audit for the year ending December 31, 2026.

Annual report on internal controls in accordance with *Governmental Auditing Standards*.

Single audit over federal awards expenditures.

Limited Procedures on RSI

Management's discussion and analysis.

Schedule of net pension asset/liability and pension contributions.



Significant Risks and Areas of Audit Emphasis

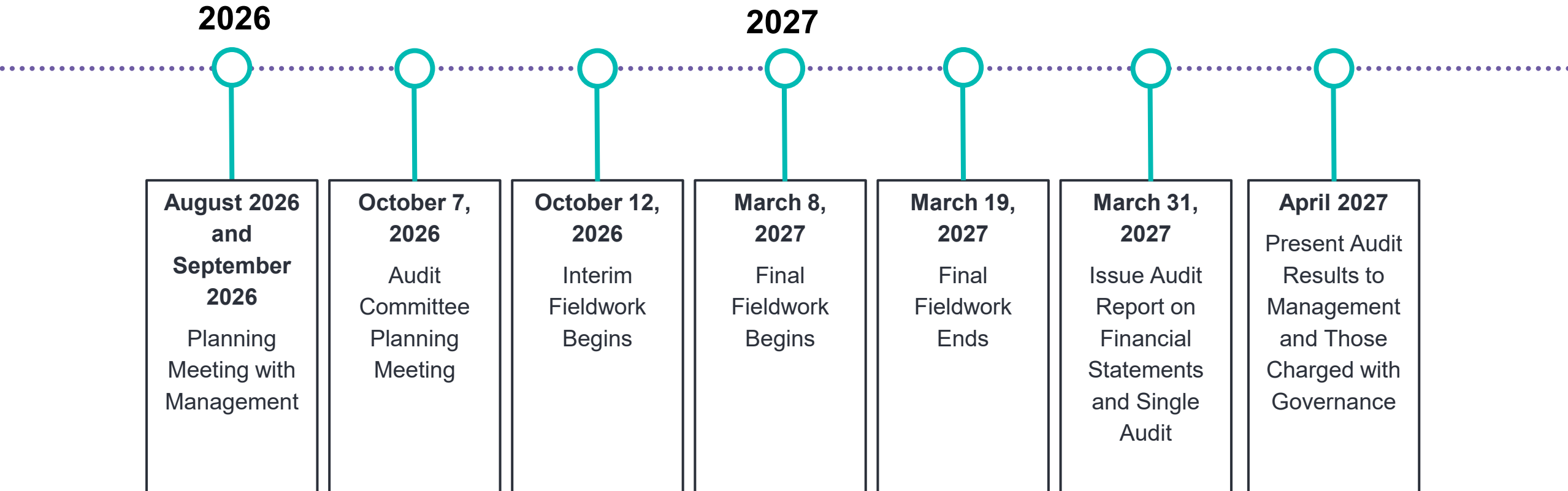
Risks	Procedures
Revenues and Lease Receivable	Analyze significant lease transactions for new and amended leasing agreements. Test real estate revenue based on current and prior year revenue benchmarks.
Capital Assets and Construction in Process	Consideration of capitalization policies, testing of additions, retirements, overhead application, and depreciation; consideration of the timely closing of capital projects and project management controls.
Related Party Receivables	Testing of home port contributions and distributions and trace to bank statements as well as the corresponding payables recorded on the Port of Tacoma and Port of Seattle's financial statements. Review the financial statement disclosures to ensure that related party activities between the home ports are clearly disclosed.

Significant Risks and Areas of Audit Emphasis

Risks	Procedures
Internal Controls	Evaluate and test internal controls over financial reporting and major business cycles.
Management Override of Controls and Management Estimates	Analyze management's assumptions in establishing allowance for uncollectible receivables, depreciable lives of capital assets, legal contingencies, compensated absences, and actuarial valuations for pension. Test journal entries and meet with individuals throughout the organization to gain an understanding of internal controls.
Adoption of GASB 103	Obtain and evaluate management's analysis of the impacts of adoption of GASB 103, including potential classification changes to Statement of Revenues, Expenses, and Changes in Net Position and restatement of prior year financial statements, if applicable.



Audit Timeline



Recent Accounting Developments

New Standards

- ❖ GASB 103, *Financial Reporting Model Improvements* – Effective for fiscal year 2026
- ❖ GASB 104, *Disclosure of Certain Capital Assets* – Effective for fiscal year 2026
- ❖ GASB 105, *Subsequent Events* – Effective for fiscal year 2027

**THANK
YOU**