

**STUDENT UNION BOARD OF DIRECTORS
Audit Committee**

**Meeting Minutes for
September 10, 2020 at 4:00 pm**

This was a telecommute meeting by Zoom Video Conference.

This meeting was facilitated through an online Zoom format, consistent with the Governor's Executive Order N25-20, suspending certain open meeting law restrictions.

Voting Members Present: Cynthia Fernandez-Rios, Ninh Pham-Hi, Sonja Daniels, Nicholas Ayala
Voting Members Absent: None
Guests Present: Tamsen Burke, David Alves, Amy Guerra-Smith, Lisa Wilson, Brianna Turk, Mile Correa, Kathleen Prunty

I. Call to Order

Cynthia Fernandez-Rios called the September 10, 2020 Audit Committee Meeting to order at 4:03 pm.

II. Roll Call

Cynthia Fernandez-Rios asked Amy Guerra-Smith to take roll call. Amy Guerra-Smith completed a verbal roll call.

III. Approval of September 10, 2020 Audit Committee Meeting Agenda

Cynthia Fernandez-Rios asked for any changes needed to the SEPTEMBER 10, 2020 AUDIT COMMITTEE MEETING AGENDA. Seeing no changes needed, Cynthia Fernandez-Rios asked for a motion to approve the September 10, 2020 Audit Committee Meeting Agenda as presented.

Nicholas Ayala moved to approve the agenda as presented; Sonja Daneils seconded the motion.

Vote on the motion: 4-0-0 MOTION PASSED.

IV. Approval of April 14, 2020 Audit Committee Meeting Minutes

Cynthia Fernandez-Rios asked for any changes to the APRIL 14, 2020 AUDIT COMMITTEE MEETING MINUTES. Seeing no changes requested, Cynthia Fernandez-Rios asked for any objections to approve the APRIL 14, 2020 AUDIT COMMITTEE MEETING MINUTES as presented. Seeing no objections, Ms. Fernandez-Rios noted the **April 14, 2020 Audit Committee Meeting Minutes were approved by unanimous consensus.**

V. Agenda Items

A. Selection and Approval of 2020-2021 Audit Committee Chair and Vice-Chair

Cynthia Fernandez-Rios informed the committee due to the Board having vacant student positions, she recommended to defer this action item to the Personnel Committee at the October 6, 2020 meeting.

Ninh Pham-Hi motioned to defer this action item to the Personnel Committee; Nicholas Ayala seconded.

Vote on the motion: 4-0-0. Motion Passed.

B. Presentation of the June 30, 2020 Financial Audit Draft by RSM US LLP

- 1. Questions & Answers Session**
- 2. Discussion of Findings**
- 3. Review of Governance Letter**

Lisa Wilson, Audit Partner of RSM and Brianna Turk, Audit Manager from RSM provided a brief introduction of themselves to the Audit Committee and guests present.

Brianna Turk presented the committee with a detailed presentation of the various financial statements. Ms. Turk explained the Management's Discussion and Analysis, which is a required discussion under GASB, and is a high level summary of activity for the last few years with explanations of what caused the fluctuations.

Ms. Turk went through the Statement of Net Positions noting the following highlights that there was a large increase in revenues compared to the prior year. The accounts receivable decreased compared to 2019 which is mainly from a timing issue related party receivables and payables which shows specifically that related party receivables from the university and other facilities have decreased in total. Investments increased compared to 2019. Ms. Turk indicated that capital assets decreased due to the SUI doing a clean up in the capital assets and there were quite a few assets that were very old and were disposed of. Ms. Turk continued to present the liabilities, noting the following highlights. Payables decreased compared to 2019 which has a correlation to timing with related party payables. Ms. Turk noted that there is a footnote that discusses this in detail later in the report.

Brianna Turk also indicated the PPP liability listed and explained that the SUI applied for and granted \$1.5M in funding to help with expenses related to the Coronavirus. We list this because at this time it is unknown whether the SUI will be required to pay back the loan or if the loan will be forgiven in full.

Ms. Turk went on to explain the Statement of Cash Flow which shows where the cash is coming. Ms. Turk noted that the Student Union did quite well last year with \$1.9M from operating activities and the PPP loan. Brianna Turk explained that the SUI did have to use some cash to purchase some investments.

Ms. Turk explained the footnote related to the recent accounting pronouncements and GASB Statement 87 and the impact these will have.

Committee Member Ayala inquired about the effect of GASB 87 on the operating leases. Lisa Wilson explained that this will require leases to be accounted for on the balance sheet.

Myles Correa went over the highlights of the Governance letter to the Audit Committee, noting that the letter is a high-level summary of what was agreed to, the timing of the audit, and summarizes the key accounting practices. Mr. Correa noted that the letter also communicates if there were uncorrected misstatements identified and went on to explain those entries in detail.

Mr. Correa noted that the final letter will also include a representation letter signed by all RSM Personnel who worked on the audit. Myles Correa informed the Audit Committee members that RSM did not have any findings or internal control issues and that they did not have any disagreements with management, and that RSM is issuing an unqualified or clean opinion.

C. Approval of the June 30, 2020 Financial Audit Draft

Cynthia Fernandez-Rios asked for any other discussion of the June 30, 2020 Financial Audit Draft. Seeing no additional discussion needed, Ms.

Fernandez-Rios asked for a motion to approve the draft YE June 30, 2020 Audited Financials.

Ninh Pham-Hi moved to approve; Nicholas Ayala seconded.

Vote on the Motion: 4-0-0. MOTION PASSED.

VI. *Closed Session Items (as needed)*

A. *Overview of Audit Concerns*

The Audit Committee agreed to move the meeting to a short closed session.

Cynthia Fernandez-Rios asked for a motion to move the meeting to a closed session.

Ninh Pham-Hi motioned to move the meeting to a closed session; Nicholas Ayala seconded the motion.

Vote on the Motion: 4-0-0. MOTION PASSED.

VII. Meeting Adjournment

Cynthia Fernandez-Rios asked for any objections to adjourn the meeting at 5:02 pm.

Seeing no objections, Ms. Fernandez-Rios noted that the **meeting adjourned at 5:02 pm by unanimous consensus.**