



The University Corporation
San Francisco State

Room ADM 361
1600 Holloway Ave.
San Francisco, CA 94132

ucorp.sfsu.edu

Audit Committee Meeting
October 13, 2021
via Zoom:

In attendance:
Gene Chelberg
Gary Norton
Christy Stevens
Rob Strong

Guests:
Tom Huey, Windes
Ben McKinney, Windes

UCorp staff:
Tammie Ridgell
Maggie Wu
Anthony Victoria
Jason Porth

Called to order by Rob @ 1:01p

- attendee introductions
- Rob gave introductory comments & acknowledged that there were no findings reported in completed FY2021 audit
- agenda approved
- review of minutes of prior July meeting
 - update needed to include coming out of closed session @ 2:45p
 - motioned/seconded to approve, unanimously passed with update

Tom presented results of audit

- commented that for a first-year engagement, all went well
 - transition to new audit firm was smooth
 - good working relationship with UCorp
 - pre-planning objectives were met & contributed to successful audit
- presented communication re: governance report
 - explained this was standard required communication presented as a result of audit
 - summarized contents, including but not limited to introduction, work performed, and internal controls
 - reiterated that there were no findings to report
 - indicated that UCorp management was solely responsible for the financial statements and estimates used in the data given & presented
 - mentioned new GASB pronouncements that may impact UCorp in coming year
 - expected change(s) in reporting of leases



Tammie continued discussion of audit report

- acknowledged Maggie & her team for all of the work done to successfully complete the audit, resulting in no reported findings
- gave overview of report's Management Discussion
- explained that the actual financial statements should be reviewed in their totality
 - the data presented in the various statements reflect the different financial aspects of UCorp
 - consideration also should be given to the notes to the financial statements
- noted \$3M increase from FY2020 to FY2021 reflected in Statements of Net Position, and important to note during FY2021:
 - COVID impacted program activities and UCorp's self ops
 - PPE loan forgiven
 - fluctuations, up & down, of cash/cash equivalents and investments continued throughout the year, but this was due to typical ebb & flows and not driven by operational performance
 - changes in pledges also typical and due to donor activity
 - activity relative to accounts payable is cyclical, impacted by year-end accruals (especially from related parties)
 - lease rent payable due to amortization of 65-year lease with ACC for Manzanita Square
- explained that the Statements of Revenues, Expenses & Changes in Net Position included UCorp's restricted and unrestricted funds
 - the significant decrease in G&C revenue was primarily due to the \$10M Genentech funding received in FY2020
 - overall decrease in revenues, generally due to impact of COVID and campus closure
 - investment return of approximately 20% was unexpected and contributed to positive year end

Rob asked why G&C revenues & expenses appeared to go in opposite ways

Tammie explained that this was due to timing differences, wherein money is not necessarily spent during the same period in which it was received

- relative to the Statements of Cash Flows, noted the supplemental disclosure of the \$3.9M resulting from unrealized gains in investments
- concluded discussion focusing on the Notes to the Financial Statements
 - attention directed to footnotes relative to investments, inclusive of: fair market value; maturities, and liquidity
 - mention of other footnotes included:
 - last remaining endowment held by UCorp
 - reiterated forgiveness of PPE loan
 - addition of revolving LOC during FY2021
 - waiver of vendor rents
 - effect of COVID on occupancy impacting rents under lease with ACC
 - continuing monitoring of effects of COVID relative to campus repopulation and impact on UCorp's operations



**The University Corporation
San Francisco State**

Room ADM 361
1600 Holloway Ave.
San Francisco, CA 94132

ucorp.sfsu.edu

Rob asked if there were any other additional costs incurred by Windes in completing the audit
Tammie responded that there were none

Tom concluded the discussion stating that Windes gave an unmodified (ie., clean) opinion
Ben thanked Tammie, Maggie & the team for being so responsive throughout Windes' engagement

Rob asked if the deadlines imposed by the CSU were met, and received affirmation that they were

Jason thanked both Windes & UCorp for the successful completion of the audit

Committee went into closed session @1:50p

- came out of closed session @ 1:59p

Meeting adjourned @ 2p