



Audit Committee Meeting Minutes

October 26

3:30-4:30 PM

Via Zoom:

<https://sfsu.zoom.us/j/88509499971?pwd=d1NKZ2psVVJVak1YVVZiMHp3bllpUT09>

Attendees

Committee Members

Chau
Stevens
Strong (chair)

Staff

Porth
Ridgell
Woo

Audit Firm (Windes)

McKinney
Sjolande

- I. Call to Order: Meeting called to order 3:35 pm by Chair Strong

- II. Report and Audit Review: Mr. McKinney shared two documents with the committee: the audited financial statements and a summary document of the results of the audit. Both documents are attached herewith. McKinney went through the two documents page by page and called attention to several key items:
 - a. The audit resulted in a clean, unmodified opinion.
 - b. A review of the statement of net position shows a healthy organization with an overall asset increase of about \$6.2 million. Most of the increase (over \$6 million) was due to investment value increases.
 - c. There were some decreases in receivables tied to pledges.
 - d. On the liability side: payables to related parties shifted a bit, mostly due to decreases in payments to the university.
 - e. The biggest change in the liability side was a change to deferred inflow due to the early termination of one lease—I Noodle.
 - f. Net position reflects \$8 million in equity and there's been an increase in revenue and a decrease in expenses. Overall, this year showed a \$2 million gain compared to \$5 million loss last year.
 - g. Last year we experienced a \$2.9 million loss in our investment return, compared to a \$2.6 million gain this year.
 - h. A review of the statement of cash flows shows an increase of \$1.38 million.
 - i. The footnotes are similar to last year, though last year's had significant changes from the prior year, due to compliance with new regulations around leases.
 - j. We reviewed our line of credit and the method used to select the Bank of San Francisco (vetting by the Finance Committee of various alternatives). While we



have not drawn on the line, having it provides some assurances, particularly given our current reliance on investment income.

- k. We reviewed the schedule of findings/ summary of results, which is clean (for this year and last).
 - l. Required communications: Unmodified opinion. Tested internal controls. No material weaknesses or significant deficiencies.
 - m. One past adjustment, but immaterial and not booked.
 - n. No disagreements with management and got all the information they needed.
- III. Closed Session: commenced at 4:10 pm
- IV. Adjournment: Strong adjourned the meeting by acclamation at 4:20pm