



**Union WELL, Inc.
Audit Committee**

Minutes

**Wednesday September 7, 2022, 7:30am
Zoom Meeting**

- I. The meeting was called to order at 7:37am, by Farrell
 - a. Present: Victor Serrano, Shachee Baraiya, Lauren Garrett, Jill Farrell, Bill Olmsted, Tori Butler
 - b. Guests: Christy Norton from K Coe Isom, and Mark Montalvo, Humberto Perez, Elvia Felix, and Michael Eldridge from ASI

- II. Welcome and Introductions:

- III. Audit Presentation: CPA K Coe Isom, Christy Norton, Partner
 - a. Norton provides an overview of the audit report process, which involves working with both the Union WELL, Inc. and ASI management teams throughout the year. She presents the financial statements for the 2021–2022 fiscal year, ending June 30, 2022, as well as the Report to the Board of Directors. Norton announces that the financial statements are “fairly presented,” which is the best audit opinion that can be received. She shares the Statements of Activities and discusses changes in the activities within Union WELL, Inc., and the financial impacts. Overall operating income decreased \$2.9 million, with the main component being a strategic plan by management to utilize a lesser amount of student fees, from \$12.6 million in 2021, to \$8.7 million in 2022. Norton encourages the committee to read the footnotes as well for additional details that support the composition of the numbers. She also mentions that repair and maintenance, supplies, utilities, maintenance fees, cleaning fees, etc. have exceeded, to pre-pandemic levels. Not only had costs increased for safety and health reasons, but additional spaces led to additional operating costs as well. The result is a \$1.7 million decrease in net assets this year. Norton then discusses the Statements of Financial Position and reviews larger fluctuations. Cash and cash equivalents, most of which is in the Local Agency Investment Fund (LAIF) with the State Treasurer’s Office, was \$22.6 million in 2022, which decreased about half a million from last year as a result of the decrease in net assets.
 - b. Norton presents the Report to the Board of Directors, noting that the only thing that’s new is an adjustment that was not reported. She explains that the LAIF valuation fluctuates, and this year was more significant than usual. The LAIF

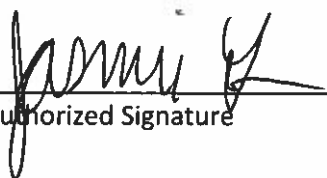
balance usually earns a little interest and the underlying value stays the same. In this year, the market was more volatile and the underlying asset value decreased, which led to a \$288,000 value change in the LAIF account, which had not been reflected in the financial statements. She adds that, a couple years ago, there was a similar situation but it was a gain, which also wasn't recorded. She states that management has been consistent in the treatment of fair value calculations and doesn't work volatility into financial statements. Norton says that the management team was a pleasure to work with and did an impeccable job putting statements together.

- i. Serrano asks how long the organization has been investing in a LAIF account. Farrell says the organization has been investing since well before she was here. She explains that only certain investments are approved by the Chancellor's Office, and LAIF is a predominately utilized investment option for the CSU and CSU Auxiliaries. Norton confirms that all CSU auxiliary organizations invest money into LAIF.

IV. Recommendation of the 2021-2022 Audit: **(MSP: Serrano, Garrett)**

V. The meeting was adjourned at 8:09am

Respectfully Submitted:


Authorized Signature

9/14/22
Date