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Union WELL Inc. Audit Committee Meeting Minutes

September 8, 2017

7:00am, Sequoia Hall, 311 ASI Government Conference Room

- I. **Call to Order, Chair - 7:19 a.m., Emily Yang**
Present: Emily Yang, Asmita Dahal, Victor Serrano, Brian Heath, Alex Brown, Stacy Hayano
Also Present: Union WELL Inc. staff Bill Olmsted, Jill Farrell, Amy Jacobsen, Tori Butler
Guests: Christy Norton from K Coe Isom, and Mark Montalvo, Humberto Perez and Daisy Yopez from ASI
- II. **Welcome and Introductions**
- III. **Audit Presentation: CPA K Coe Isom, Christy Norton, Principal**
 - a. Norton presented the 2016-2017 Financial Statements and Supplemental Information with Independent Auditors' Report.
 - i. Norton notes that minor changes had been made since the drafts were emailed for review. And Farrell states that the changes were highlighted in the handouts to help point them out. Norton reviews each of the changes throughout the document and offers the opportunity to ask questions but there were none.
 - ii. Norton begins by explaining the audit process and credits the Union WELL Inc. and ASI management team for their work throughout the year, which makes for an efficient process.
 - iii. Norton reviews audit highlights and mentions that the K Coe agenda that was distributed may be used as reference, if needed. With regard to the Auditors Report, Norton states that Union WELL Inc. received a clean opinion and unqualified acceptance of its financial statements.
 - iv. Norton then reviews financial highlights on the Statement of Activities and discusses revenues. Student activity fees increased by one million, three-hundred thousand compared to the previous year. Program service fees also increased by sixty-six thousand. Overall operating income was twelve million, nine-hundred thousand, which is an increase of one million, four-hundred thousand over the previous year.
 - v. Expenses increased approximately six hundred, thirty thousand. Outside services expenses increased almost four-hundred thousand, which is mostly due to payroll and benefit cost. In addition to the increase of minimum wage, the corporation filled five positions that were vacant the previous year, which adds to payroll cost. Repair and maintenance increased by ninety-two thousand. There was a loss on disposal of capital assets of one hundred, fourteen thousand, mostly due to the demolition for the Union expansion.

- vi. Overall, the change in net assets resulted in a two million, three hundred and eighty thousand net income profit for the year.

Questions / Comments

- 1. Hayano notices that utility expenses went down and asked if it was solar savings. Farrell answers that the savings is mostly due to the LED replacement projects and explains that there were numerous replacements throughout the WELL and the Union resulting in a tremendous savings. In addition, it is also unknown how much of the utility savings is from the demolition of part of the Union. Farrell noted that the savings was also due to strategic scheduling to reduce light use and power as far as nightly custodial services.
- 2. Serrano asked what Outside Services mainly consisted of. Farrell states that it is mainly payroll wages and benefits.
- vii. Norton continues to review the balance sheet, which is a snapshot of assets and liabilities.

Questions / Comments

- 1. Yang asks if the cash that is being held is earning any interest. Farrell explains the cash is held in the Local Agency Investment Fund (LAIF) and that there are certain investment vehicles that we are limited. The Chancellor's Office approves the acceptable low risk investment opportunities that our corporation can invest money because our monies are predominately student fees. Montalvo adds that the LAIF interest rate is about 1% right now, which is higher than previous years. Norton notes that page thirteen of the auditor's report explains LAIF in more detail.
- viii. Lastly, Norton briefly discusses the footnotes and encourages everyone to read through on their own and ask questions. There were no additional questions.

**IV. Recommendation of the 2016-2017 Audit: Action Requested
(MSP: Hayano, Serrano)**

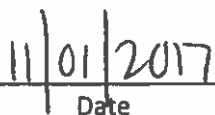
**V. Recommendation of 2017-2018:
a. Motion to recommend K Coe ISOM for next year:
(MSP: Heath, Brown)**

VI. The meeting was adjourned at 7:50am

Respectfully Submitted:



Authorized Signature



Date