



Union WELL Inc. Audit Committee

MINUTES

Wednesday September 8, 2021, 7:30am
Zoom Meeting

- I. The meeting was called to order at 7:31am by Maanvee Mehrotra, Chairperson
 - a. Present: Maanvee Mehrotra, Rose McAuliffe, Sebastian Raya, Reyna Chipana, Kindra Begley, Jill Farrell, Bill Olmsted, Tori Butler
 - b. Guests: Christy Norton and Andrew Zetterberg from K Coe Isom, and Mark Montalvo, Humberto Perez 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 is a yearlong process that involves a lot of hard work by management. She then presents the 2020-2021 Financial Statement covering financials through June 30, 2021 and announces that the audit is fairly stated, which is highest opinion that can be received. For the first time, the CSU Chancellor's Office also requested an additional report regarding the organization's internal controls and compliance in comparison to government auditing standards. K Coe confirmed that compliance with laws, regulations, contracts and other matters were tested. There are no negatives to report and all work is in compliance with internal controls as a basis for designing audit procedures.
 - b. Norton discusses Statements of Activities highlights and reviews the significant fluctuations beginning with revenue. Student activity fees increased over \$900,000, which was a planned increase based on the long-term budgeting process. The almost \$890,000 decrease in program service fees is related to WELL programming, which was challenging this year due to the campus shutdown. Farrell adds that the decrease is also due to the University Union not having any room rentals either, which was also part of the decrease. Norton continues to discuss the significant decrease in interest and investment income explaining that interest rates were low this part year. Overall revenue decreased \$436,000. Norton shares a detailed breakdown of expenses, which decreased by

approximately \$2.5 million, and discusses highlights. Outside services include payroll costs which were impacted by the facility closures and led to less employees on campus compared to a typical year, with 200 vacant student positions. Olmsted adds that, in addition to student positions, there were several full-time vacancies going into the closure and the organization lost more staff during the time when campus was on a hiring freeze, for a total of seven full-time positions vacant.

- i. McAuliffe asks what the cause was for the decrease in interest and investment expenses. Norton states that this category is primarily interest rates, which were much lower than usual. Montalvo adds that interest rates were at 2% last June, and this year is at .26%. Rates dropped almost 2%, which has a large impact on investment income. McAuliffe asks if money can only be invested in LAIF or if it can be invested elsewhere as well. Farrell states that the organization is only investing in LAIF.
- c. Norton continues reviewing expenses and discusses other fluctuations. The increase in supplies and small equipment included safety equipment, and computers and accessories related to the shutdown and the shift to remote work, and will decrease this year. Special events expenses decreased because there were no events. Total functional expenses were just over \$9 million, resulting in an overall income statement net increase of \$4.7 million. The overall net position for the year is \$24 million, with an overall cash line of \$23 million. Farrell adds that the 20-21 budget included the expectation that the facilities would open at some point but they did not, which resulted in a surplus. The current year's budget is running a deficit to strategically utilize this surplus. Norton discusses LAIF versus cash, noting that most funds are in LAIF at \$23 million. Norton discusses prepaid expenses, which predominantly are funds for the post-employment benefit plan and was prefunded this year. Capital assets acquisition for the year included new signage, digital equipment, and various equipment upgrades. She explains that the organization took the opportunity to conduct work on major projects while students weren't on campus. Total net assets are \$24 million. Norton states that Union WELL Inc. as a whole is a healthy organization.
 - i. Mehrotra asks what the unearned revenue is from. Farrell explains that students are already paying activity fees for the next semester already but it has to be included as unearned revenue since it hasn't happened yet.

IV. Recommendation of the 2020-2021 Audit: Action Requested

MSP: McAuliffe, Begley. Roll call: Unanimously approved

V. The meeting was adjourned at 8:09am

Respectfully submitted:

Shubhkawanpr Kaur
Shubhkawanpr Kaur (Sep 15, 2021 12:47 PDT)
Authorized Signature

Sep 15, 2021
Date