



**Union WELL, Inc.
Audit Committee**

Wednesday, September 6, 2023, 7:30am
Zoom Meeting

MINUTES

1. The meeting was called to order at 7:33am by Shachee Baraiya, Chairperson

Present: Shachee Baraiya, Victor Serrano, Maddie Price, Lora Gabel, Lauren Garrett, Bill Olmsted, Jill Farrell, Amy Jacobsen, and Tori Butler

Guests: Brenda Scherer and Liz Cook from CliftonLarsenAllen LLP (CLA), and Humberto Perez and Michael Eldridge from ASI

2. Welcome and Introductions

3. Conflict of Interest Forms: Information

4. Audit Presentation: CLA (CliftonLarsonAllen LLP)

Brenda Scherer, CPA, Signing Director, Higher Education

Liz Cook, CPA, Manager, Higher Education

- a. Scherer begins the audit presentation by noting that the scope of engagement is to express an opinion on the June 30, 2023, financial statements, and summarize findings and observations. She explains that CLA takes a risk-based approach with a focus on cash and cash equivalents, property and equipment, estimates, revenue recognition, related party transactions, and internal controls. Cook discusses financial statement highlights beginning with the trend for changes in net assets for the last five years, noting that 2022 was a catch-up year with not as much programmatic revenue as before COVID, but that increased in 2023. A revenue composition comparison of 2022 to 2023 illustrates the diversification of revenue. The majority of revenue is from student activity fees, but also from contract lease payments, program service fees, contributions and grants, and interest and investment income, which increased in 2023 based on market conditions. The comparison of expenses from 2022 to 2023 reflects there were more expenses in all categories. No material weaknesses were found, and there were no significant deficiencies in internal control communications. A verbal recommendation to review functional expense allocations was made. The organization had decided on a 70/30 split, but reviewing and verifying that it is still accurate is recommended. As for the required governance communication, the scope of the audit remained the same since the planning meeting, and a lease standard was implemented, which is reflected on the balance sheet along with additional disclosures over leases in the footnotes. The audit team is comfortable with management's estimates. There were no difficulties, disagreements, or other findings to report. No audit adjustments were made, and there were no recommended adjustments that the Union WELL team passed on or chose not to make. Statements were very clean, accurate, and up-to-date. The audit committee is asked for approval to present the audit to the Board of Directors for final approval.
- b. Scherer mentions an emerging issue that will have a significant impact is the change in auditing standards (SAS 143-145). New requirements include enhanced risk assessment, a more in-depth understanding of estimates, and diving deeper into IT understanding. The audit impacts are more time needed evaluating controls, which may involve an IT specialist, potential for internal control comments, and a greater impact on IT systems.

5. Recommendation of the 2022–2023 Audit: (MSP: Garrett, Price)

6. The meeting was adjourned at 7:54am

Respectfully Submitted:

Authorized Signature

4/24/24

Date