SAN FRANCISCO STATE UNIVERSITY FOUNDATION
AUDIT COMMITTEE MEETING MINUTES
Monday, July 22, 2024 at 2:00 PM
Via Zoom

Chair Amy Chan called the meeting of the Audit Committee to order at 2:03 pm.

Committee Members Present
Amy Chan, Chair
Don Nasser, Director
Jeff Wilson, CFO/ Vice President Admin & Finance, SF State

Absent and Excused
Greg Cosko, Director
Teri L. Jackson, Director
Coraetta Smith, Director

Others Present
Mary Huss, Chair
Jeff Jackanicz, Foundation President
Don Endo, Vice Chair
Venesia Thompson-Ramsay, Secretary & Treasurer
Vicky Lee, Director of Finance, SF State Foundation
Tammie Ridgell, Associate Vice President, Auxiliary Business Services, SF State
Maggie Woo, Controller, Auxiliary Business Services
Ben McKinney, Engagement Partner, Windes
Gary Sjolander, Manager, Windes

I. **Public Comments**: None.

II. **Review of Agenda:** The committee reviewed the agenda. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approves the agenda for the July 22, 2024 meeting, as prepared.
Motioned by: Don Nasser Seconded by: Jeff Wilson Motion: Passed

III. **Approval of the October 20, 2023 Meeting Minutes:** The committee reviewed the minutes from the October 20, 2023 meeting. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approves the minutes for the October 20, 2023 meeting, as prepared.
Motioned by: Jeff Wilson Seconded by: Don Nasser Motion: Passed

IV. **Fiscal Year 2023 - 2024 Audit:** McKinney presented the Client Service Plan for the 2023-2024 audit, outlining the following key points for the upcoming audit:

1. Scope of Services: He said the audit team would be conducting the audit and preparing tax returns for the client. He said the Windes team was available for consultation throughout the year on accounting matters and could attend board and audit committee meetings, as needed. He said any additional work outside of the audit and tax scope would be agreed upon beforehand, ensuring there were no surprise fees.

2. Auditor Responsibilities: McKinney said the audit team's role was to express an opinion on whether the financial statements conform to generally accepted accounting principles (GAAP). He said that while the audit team would provide an opinion, the financial statements themselves were the responsibility of management. He added that the audit was conducted on a test basis, focusing on high-risk areas rather than reviewing every transaction and that the audit team would assess internal controls and provide feedback on areas that might need improvement, if any significant findings were to emerge.

3. Audit Planning: McKinney said the two boilerplate risks that were identified in nearly every audit were a) Management Override of Controls (management's ability to manipulate records is always considered) and b) Fraud Risk in Revenue Recognition (given that revenue is critical and can be prone to manipulation, this is a significant area of focus). McKinney said that the specific areas of focus for the 2023-2024 audit would include:
- Endowment Activities: Ensuring accurate accounting and disclosure.
- Receivables and Pledges: Reviewing the collectability, especially in light of past large receivables.
- Revenue Recognition: Focus on contributions, administrative fees, cut-off procedures, and classification of restricted vs. unrestricted funds.

4. Adjustments and Findings: McKinney reassured the committee that any adjustments found during the audit did not necessarily imply fraud but that adjustments might simply be part of the cleanup process. He said that, if any significant findings emerged during the audit, management would be informed immediately rather than waiting until the exit call at the end of the process.

McKinney continued his presentation by outlining additional goals and expectations for the audit process. He said Windes goals were to help the Audit Committee discharge its corporate governance and compliance responsibilities and to perform an efficient, effective audit of the financial statements, provide ongoing consultation, and keep management informed about best practices in financial reporting and governance. He emphasized Windes long-standing experience and continued partnership with San Francisco State University Foundation.

Additionally, McKinney mentioned that there were no changes in the service team from the previous year, ensuring continuity and an efficient audit and tax process. He also stated that the audit team promised to maintain open communication throughout the audit process, as always and planned to focus on areas involving the greatest judgment and risk, avoiding immaterial matters that would not affect the readers of the financial statements. Furthermore, McKinney reiterated that any significant audit findings would be communicated as they arise, rather than waiting until the end of the audit. Finally, he said the audit team would stay informed on any new accounting pronouncements that might impact the foundation.

V. **Committee Discussion with Auditors without Management Present:** After discussing the audit plan, the committee held an executive session with the auditors, per Education Code section 89923. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee moves into closed session.
Motioned by: <u>Don Nasser</u> Seconded by: <u>Jeff Wilson</u> Motion: <u>Passed</u>

VI. **Other Business:** None.

VII. **Adjournment:** There being no further business to discuss and with Jeff Wilson making the motion and Don Nasser seconding the motion, the Audit Committee meeting was adjourned at 3:00 pm.

Respectfully Submitted,

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Amy Chan Date