SAN FRANCISCO STATE UNIVERSITY FOUNDATION
AUDIT COMMITTEE MEETING MINUTES
Thursday, November 6, 2025 at 3:30 pm

Amy Chan called the meeting of the Audit Committee to order at 3:32 PM.

Committee Members Present
Amy Chan, Committee Chair
Teri Jackson, Director
Don Nasser, Director
Okorie Ramsey, Director

Committee Members Absent & Excused
Greg Cosko, Director
Coraetta Smith, Director

Others Present
Don Endo, Vice Chair
Mary Huss, Board Chair
Jeff Jackanicz, Foundation President
Vicky Lee, Director of Finance
Gregory Lewis, Cambridge Associates
Ben McKinney, Windes
Venesia Thompson-Ramsay, CFO, SF State Foundation
Maggie Mar-Kei Woo, Controller, Auxiliary Business Services

I. **Public Comments**: None.

II. **Approval 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 November 6, 2025 meeting.
Motioned by: Don Nasser Seconded by: Okorie Ramsey Motion: Passed

III. **Approval of Meeting Minutes**: The committee reviewed the minutes from the July 22, 2025 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 July 22, 2025 meeting, as prepared.
Motioned by: Okorie Ramsey Seconded by: Don Nasser Motion: Passed

IV. **2024-2025 Audited Financials Review**: McKinney presented the results of the Foundation's annual audit and reported that the audit was completed smoothly with no findings, no material weaknesses, no significant deficiencies, and no instances of noncompliance. He stated that the Foundation received an unmodified (clean) audit opinion, the highest level of assurance available, and that all reporting deadlines established by the Chancellor's Office were met. McKinney thanked staff for their cooperation and acknowledged the significant effort required to complete three auxiliaries' audits (Foundation, University Corporation, and Associated Students) within the compressed reporting timeline.

McKinney reviewed the Foundation's financial statements, beginning with the Statement of Net Position. He highlighted an $8.2 million increase in investments, noting that investment performance was consistent with market conditions experienced by comparable organizations. He also explained that accounts receivable increased by approximately $1.37 million due to the timing of an investment distribution received after year-end, while pledges receivable included a $1.8 million pledge from the Dietrich Becker Trust. Restricted net position increased by approximately $10.9 million, primarily as a result of investment returns and additional endowment contributions. Chan asked whether the increase in net position translated into additional funds available for current spending. McKinney explained that while a portion of the increase represented non-expendable endowment corpus, the expendable portion of the endowment also increased during the year and remained available for spending in accordance with Foundation policy.

During the review of the Statement of Revenues, Expenses, and Changes in Net Position, McKinney reported that administrative fee revenue increased by approximately $144,000 due to higher endowment balances and noted that the administrative fee rate increased from 1.25% to 1.5%, effective July 1, 2026. He further reported that management and general expenses increased by approximately $500,000 because of salary and administrative reimbursements, while contributions declined by approximately $1.75 million due to normal fluctuations in donor giving. Investment returns increased by approximately $2 million over the prior year, resulting in an overall increase in net position of approximately $11.5 million and bringing the Foundation's total net position close to $200 million.

McKinney summarized the Statement of Cash Flows, explaining that the Foundation used approximately $2.5 million in operating activities and $1.8 million in financing activities, while generating approximately $4.4 million through investing activities. He noted that overall cash balances remained stable throughout the year, reflecting effective cash management. McKinney then reviewed the notes to the financial statements, explaining that accounting policies remained consistent with prior years and highlighting disclosures related to investments, fair value measurements, endowments, related-party transactions, administrative fees, and subsequent events.

The committee discussed endowments reported as "underwater." Chan inquired whether additional endowments were approaching underwater status. Lewis initially offered to review the matter with Cambridge Associates, but Thompson-Ramsay clarified that "underwater" status was not determined solely by investment performance and may also reflect Foundation spending policies, tenure of the endowments, or historical spending patterns. Endo asked about approximately $3.5 million held in money market investments and whether there was any concentration risk associated with those funds. Thompson-Ramsay and Woo explained that the funds were held through U.S. Bank and clarified that the location of the funds was separate from the accounting treatment of individual endowments.

V. **Report to Governing Body:** McKinney discussed their report to the Board also known as the Required Auditor Communication. He reported that there were no audit adjustments, no disagreements with management, no significant difficulties encountered during the audit, and no requests for second opinions. He noted that GASB Statement No. 101 regarding compensated absences had been implemented without material impact and that no new accounting standards were expected to significantly affect the Foundation in the coming year.

VI. **Committee Discussion with Auditors without Management Present**: The Committee moved into closed session to discuss the audit, per Education Code section 89923. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

> MINUTE ACTION: that the Committee enters closed session.
> Motioned by: <u>Okorie Ramsey</u> Seconded by: <u>Don Nasser</u> Motion: <u>Passed</u>

VII. **Acceptance of Audit Report**: Having completed the review of the audit, Chan asked for a motion to accept the audited financials, as presented.

> MINUTE ACTION: That the committee accepts the Audited Financial Statements for the year ending June 30, 2025.
> Motioned by: <u>Okorie Ramsey</u> Seconded by: <u>Don Nasser</u> Motion: <u>Passed</u>

VIII. **Other Business**:

IX. **Adjournment**: With Okorie Ramsey making the motion to adjourn the meeting and Don Nasser seconding the motion, the meeting was adjourned at 4:20 PM.

Respectfully submitted,

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Amy Chan, Chair Date