

SAN FRANCISCO STATE UNIVERSITY FOUNDATION
AUDIT COMMITTEE MEETING MINUTES
Friday, October 14, 2016 at 3:00pm
Conference Call – (605)-781-1000

Chair Don Nasser called the meeting of the Audit Committee to order at 3:12pm

Committee Members Present

Don Nasser, Chair
Greg Cosko, Director (via phone)
Don Endo Director (via phone)
David L. Simon, Director (via phone)

Absent and Excused

Dottie Simmons, Director

Other Present

Robert Nava, Foundation President
Vicky Lee, Director of Finance & Operations of University Advancement
Tammie Ridgell, Director, Auxiliary Business Services, SF State (via phone)
Helen Storrs, Director of Internal Audit, SF State
Kim McCormick, Audit Partner, Grant Thornton (via phone)
Marina Sandhu, Auditor, Grant Thornton (via phone)

- I. **Review of Agenda:** The committee reviewed the agenda.
- II. **Approval of the July 5, 2016 Meeting Minutes:** The committee reviewed the minutes from the July 5, 2016 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 5, 2016 meeting, as prepared.

Motioned by: David Simon Seconded by: Greg Cosko Motion: Passed

- III. **Fiscal Year 2015/2016 Audit:** McCormick expressed an unqualified opinion on the financial statements and stated that they were fairly presented in accordance with accounting principles generally accepted in the United States of America. They did not identify any deficiencies in the Foundation's internal control that they considered to be material weaknesses.
- IV. **Audited Financials Review:** Ridgell from UCorp went over the Management Discussion and Analysis (MD&A) pointing out that total net position increased by a little less than 5 million from \$67 million in 2015 to \$72 million in 2016. The overall increase is primarily attributed to increase in contribution revenue, which is a non-operating revenue. She

mentioned that there was a large gift from a donor to establish a center for Iranian diaspora studies. Ridgell also mentioned that investment returns were down from the previous year. She said this was primarily because 25% of the Foundation's investments were in international equities so the concerns over in Europe, China and Japan really affected the market. Finally, she mentioned that both operating revenue and expenses decreased in 2016. Nava mentioned that the Foundation's first Annual Report was recently completed and would be sent to all donors.

- V. **Report to Board of Directors:** McCormick reported that it was challenging to get fair value on the investment, which was a big area of focus during the audit. She said that most investment firms did not perform an audit so it was difficult to confirm their net asset value (NAV). She also said that the disclosures needed to be complete and transparent and that management needed to be comfortable with the numbers. She recommended that the Foundation ask fund managers to arrange to have an audit. Endo raised a concern that management fees appeared relatively high compared to overall investment income. McCormick explained that this was not uncommon. Finally, McCormick mentioned that another minor concern she had was the timely issuance of the statements. She said there was some "back and forth" in the process of balancing the books during the audit. She suggested that the accounting work be completed prior to the audit.
- VI. **Committee Discussion with Auditors without Management Present:** The Committee held a brief 5-minute executive session with the auditors and University's internal auditor, Helen Storrs.
- VII. **Acceptance of Audit Report:** Having completed the review of the audit, Chair Nasser asked for a motion to accept the audit report, as reviewed.

MINUTE ACTION: That the committee approves the Audited Financial Statements and Audit Report for the years ending June 30, 2016 and 2015.

Motioned by: Don Endo

Seconded by: Greg Cosko

Motion: Passed

VIII. **Other Business:** None

- IX. **Adjournment:** There being no further business to discuss, the Audit Committee was adjourned at 4:16pm by Don Nasser.

Respectfully submitted,

Don Nasser 9/15/17
Don Nasser, Chair Date