

SAN FRANCISCO STATE UNIVERSITY FOUNDATION
AUDIT COMMITTEE MEETING MINUTES
Monday, October 23, 2023 at 1:00 pm

Amy Chan called the meeting of the Audit Committee to order at 1:00 pm.

Committee Members Present

Amy Chan, Chair
Teri Jackson, Director
Don Nasser, Director
Don Endo Director
Jeff Wilson, Director/VP, Administration & Finance and CFO, SF State

Absent and Excused

Greg Cosko, Director
Coraetta Smith, Director

Others Present

Jeff Jackanicz, Foundation President
Vicky Lee, Director of Finance
Ben McKinney, Windes
Mike Pearce, Cambridge Associates
Tammie Ridgell, Associate Vice President, Auxiliary Business Services, SF State
Gary Sjolander, Windes
Venesia Thompson-Ramsay, Treasurer, SF State Foundation
Alexis Westman, Cambridge Associates
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 October 23, 2023 committee meeting.

Motioned by: Don Nasser Seconded by: Teri L. Jackson Motion: Passed

III. **Approval of Meeting Minutes:** The committee reviewed the minutes from the July 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 July 20, 2023 meeting, as prepared.

Motioned by: Don Endo Seconded by: Teri L. Jackson Motion: Passed

- IV. **2022-2023 Audited Financials Review:** McKinney provided the review of the financials. As a refresher, he said Windes had conducted interim work in April before the year end, and that went smoothly. He said his team also performed the audit fieldwork and had wrapped everything up throughout August and September. He said the headlines were basically that it was a very clean audit and a very smooth process with no findings with nothing really to report other than the results of the operations for the year. McKinney added that the financial statements were issued by the deadline. He said the big item to note was that the Foundation had a much better investment return this year than the prior year.

McKinney provided a high-level review of the financial statements. He started with the Statement of Net Position (also known as the Balance Sheet). He said that on the Foundation's assets were basically investments - short-term investments (unrestricted and restricted portions), long-term investments (restricted), and account receivable, which was an investment that was redeemed but not yet received at year-end. He said there was a net increase in investments of approximately \$6 million, primarily because of an investment return of about \$13 million. On the liability side, McKinney said there were small and immaterial amounts, mostly due to the timing of payments. He said regarding the Foundation's net position, there were an increase in non-expendable endowments by \$2.5 million; an increase in expendable endowments by \$2.1 million; and an increase in unrestricted funds by approximately \$1 million.

In reviewing the Statement of Revenues, Expenses, and Changes in Net Position (also known as the Profit & Loss Statement), McKinney said the key changes included an investment return of \$13 million (a significant turnaround from a \$20 million loss in the prior fiscal year); a \$2 million increase to permanent endowments; and a \$4 million transfer to UCorp, which included \$2.9 million for the Diverse Climate Leaders program and \$700,000 for the University Academic Advising Center renovation. McKinney said that with administrative fees (revenue assessed for managing the endowments) and management and general expenses (including payments to the University Corporation (UCorp) for accounting services), the Foundation had a net income of \$5.6 million – a positive change compared to a \$23 million loss the prior fiscal year.

In reviewing the Statement of Cash Flows, McKinney said Operating Activities totaled \$1.4 million, while Financing Activities and Investing Activities totaled \$6.5 million and \$7.3 million, respectively. He said there was an overall cash reduction of about \$584,000.

- V. **Report to Governing Body:** Sjolander said the audit went well overall and thanked the accounting staff for all their efforts. He reiterated that the Foundation had an unmodified opinion/clean opinion on the financial statements and that internal controls showed no material weaknesses or significant deficiencies. He said the Foundation was able to adoption of new GASB Standards (GASB 94 and 96) without material impact. Additionally, Sjolander reported that there were no significant difficulties, disagreements or adjustments during the audit and that the audit process was smooth. Sjolander closed by saying the Foundation had a strong financial year with significant improvements in investment returns, resulting in a positive net income of \$5.6 million.
- VI. **Committee Discussion with Auditors without Management Present:** The Committee held a brief executive session with the auditors.

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, 2023.

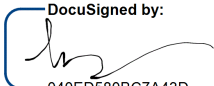
Motioned by: Don Nasser Seconded by: Don Endo Motion: Passed

VIII. **Other Business:**

Strategic Plan Implementation: Jackanicz reminded the audit committee of the six strategic priorities included in the Foundation’s recently adopted strategic plan. He said the two most relevant to the audit committee were 1) financial alignment and health of the endowment and 2) advancing student success - a goal that every committee shared. Jackanicz said that as a way of foregrounding these priorities, staff would include them on committee meeting agendas, as footer content to keep them top of mind, moving forward. He said he believed the Foundation had the right formal and informal structures in place to help maintain alignment and transparency. For example, the current chair of the Investment Committee also sat on the Audit Committee and the Foundation’s Investment Advisor, Cambridge Associates attended the audit committee meetings.

IX. **Adjournment:** With Don Nasser making the motion to adjourn the meeting and Teri L. Jackson seconding the motion, the meeting was adjourned at 1:55 pm.

Respectfully submitted,

DocuSigned by:


08/14/2024 | 5:26 PM PDT

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Amy Chan, Chair

Date