

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

AUDIT COMMITTEE MEETING MINUTES

Tuesday, July 5, 2016 at 2:00 pm

Conference Call – (605) 781-1000

Chair Don Nasser called the meeting of the Audit Committee to order at 2:04 pm.

Committee Members Present

Don Nasser, Chair

Greg Cosko, Director (via phone)

Don Endo, Director (via phone)

Maureen Pasag, Director

David L. Simon, Director (via phone)

Dottie Simmons, Director (via phone)

Committee Members Absent and Excused

Val Dolcini, Director

Others Present

Venesia Thompson-Ramsay, Secretary and Treasurer

Tammie Ridgell, Director, Auxiliary Business Services, SF State

Robert Nava, Foundation President

Kim McCormick, Audit Partner, Grant Thornton

Marina Sandhu, auditor, Grant Thornton

- I. **Review of Agenda:** The committee reviewed the agenda.
- II. **Approval of the October 14, 2015 Meeting Minutes:** The committee reviewed the minutes from the October 14, 2015 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 14, 2015 meeting, as prepared.

Motioned by: David Simon Seconded by: Maureen Pasag Motion: Passed

- III. **Fiscal Year 2015/2016 Audit:** McCormick mentioned that she was very excited to work with the Foundation, having worked with our peers at San Jose State University and San Diego State University. She shared copies of their publication on the state of higher education.
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With regards to the 2016 audit, she pointed out that the first year of engagement was always different/unique but that she and her team would work with the Foundation to maximize what could be done. She said part of the initial plan in year 1 was to review the work papers

of the previous auditing firm, Hood & Strong. She said that interactions with Hood & Strong had gone well and that they were able to review work papers.

McCormick said their IT personnel would be coming out the following Monday. She said this was important to understand the Foundation's internal controls. She said the areas of focus for the audit would be contributions (distinguishing between contributions and exchange transactions and verifying revenue recognition criteria); net position (proper classification of restricted and unrestricted net assets); investments (testing valuation judgments, confirmation with custodians and the accounting, unitization and disclosures of endowments); and related party transactions.

McCormick discussed new accounting standards for 2016 and said that the one that would affect the Foundation dealt with determining fair value figures for investments. She said the CSU was providing sample formats for consistency across the auxiliaries.

McCormick asked the Committee about their concerns. Nasser mentioned security as a concern. Pasag mentioned that the internal auditors attended Foundation Audit Committee meetings and that the Chancellor's Office conducted a triennial audit of auxiliaries, which addressed security.

- IV. **Committee Discussion with Auditors without Management Present:** After discussing the upcoming audit, the committee held an executive session with the auditors.
- V. **Other Business:** Nava mentioned that the Foundation had released a Request for Proposals (RFP) back in June to obtain either an OCIO or a traditional advisor. He said the process of managing the endowments in-house had become challenging. He said the Foundation had engaged PFM Asset Management who conducted the diagnostic study that led to the release of the RFP. Nava mentioned that we hoped to make selections by the fall of 2016.
- VI. **Adjournment:** There being no further business to discuss, and with Greg making the motion and Maureen seconding, the Audit Committee was adjourned at 2:44 pm.

Respectfully submitted,



Don Nasser, Chair Date