

BOARD OF GOVERNORS

AUDIT Committee

Thursday, September 22, 2022

10:00 a.m. to 11:00 a.m.



California State University **Chico**
University Foundation

Approved October 7, 2022

MINUTES

Governors present: Bob Kittredge, standing for Glen Thomas, Michael Prime; Jay Gilbert; David Heinsen; Doug Guerrero; Debra Cannon; Nicholas Webber

Staff present: Robin Carter, University Advancement; Vance Kelly, Laura Haskill, Chico State Enterprises

Guests present: Bobby LaCour, CPA, Aldrich Advisors

Standing in for Chair Glen Thomas, Bob Kittredge called the meeting to order at 10:00 a.m. The committee met without the auditor present to discuss the ongoing Request for Proposal for audit services. Last year the committee agreed to renew their agreement with Aldrich, the current auditor for another year until a Request for Proposal (RFP) process could be completed. Kittredge asked if the committee agreed to move forward with the RFP for audit services. The RFP process will ideally be completed before the end of 2022. The Audit Committee will need to reconvene in January to review and vet proposals. The committee agreed to move forward with the RFP process.

Kittredge asked for comments or corrections to the minutes of the June 8, 2022 meeting. Doug Guerrero moved to approve the minutes. Jay Gilbert seconded, and the minutes were approved.

Kittredge said that he reviewed the audit report and did not see anything that looked out of order. Vance Kelly noted that volatility in the stock market reflected a “fall back to earth” from the extreme highs of the prior year.

Auditor Bobby LaCour joined the meeting at 10:10 a.m. to present the results of the audit. At a high level, there have been changes in the numbers year over year. For philanthropic organizations that have a lot of investments, fiscal year 2021 and first half of 2022 were good years. Unfortunately, the back end of 2022 showed a decline.

The audit scope was in accordance with the engagement letter. They have rendered an unmodified opinion of the financial statements. They did not identify any conditions which they consider to be material weaknesses or significant defects in internal controls. The audit areas designated as greater than normal risk have been addressed and resolved to the auditor’s satisfaction. This audit is performed in cooperation between the auditor and the foundation.

There was change to disclosures of non-financial assets. This is a new standard that is applicable to all non-profits which impacted the disclosures to the statement for anything that was received by the organization other than a cash donation. The new standard requires disclosures in the financial statement noting what was received, how it was valued and in what categories it was reported.

The Foundation’s mission is to support CSU, Chico’s strategic plan by raising, investing and disbursing funds to fuel the growth and excellence of the University.

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There are some significant estimates of investments, and the auditors determined that the present value calculation is reasonable in relation to the financial statements taken as a whole. There were no difficulties in performing the audit. There is supplemental information included in the audit as required by the state university system.

LaCour reported on the Financial Statements noting that the Independent Auditor's report is the biggest change this year, more clearly pointing out the auditor's opinion and the basis for the opinion.

Kittredge commented that he was surprised by the summary of corrected misstatements for \$949 on such a large financial statement. LaCour responded that it was a timing issue from closing the books.

Jay Gilbert asked about information on page 22 regarding the value of land at \$3.2 million. In 2021 the university received a gift of land valued at \$3.2 million. The land is still valued at \$3.2 in 2022. There was some discussion about what the land will be used for. Vance Kelly explained that a portion of the land is being gifted to the Mechoopda Tribe, but all the property will continue to be preserved for use by the Butte Creek Ecological Reserve.

Nick Webber asked about gifts of land or real estate if there is any ecological review done. Vance explained how the review process works and Kittredge pointed out that over the years there has been a concerted effort to limit most non-financial gifts, including real estate.

The meeting was adjourned at 10:46 a.m. and staff were dismissed for a private session.

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