

**STUDENT UNION BOARD OF DIRECTORS  
AUDIT COMMITTEE MEETING MINUTES  
September 8, 2015 at 4:00pm in the Faculty/Staff Dining Room**

**Members Present:** Ninh Pham-Hi, Rose Lee, Michael Daniels, Anna Santana  
**Members Absent:** None  
**Guests Present:** Cathy Busalacchi, Amy Guerra-Smith, Kristin Kelly, Kim Hagens,  
Lisa Wilson (McGladrey), Michael Holt (McGladrey)

**Call to Order**

Rose Lee facilitated the meeting. Rose Lee called the September 8, 2015 Audit Committee Meeting to order at 4:00pm in the Faculty/Staff Dining Room.

**Roll Call**

Rose Lee asked Amy Guerra-Smith to do a visual roll call. Amy Guerra-Smith noted that she completed a visual roll call.

**Approval of September 8, 2015 Audit Committee Meeting Agenda**

Rose Lee asked for any changes needed for the September 8, 2015 Audit Committee Agenda. A request was made to add an action item “Approval of Chair and Vice Chair”.

Rose Lee asked for a motion to approve the agenda with the suggested change.

**Ninh Pham-Hi motioned to approve the September 8, 2015 Audit Committee Agenda with the suggested change.**

**Michael Daniels seconded the motion.**

**VOTE ON THE MOTION: UNANIMOUS MOTION PASSED.**

**Approval of Audit Committee Meeting Minutes from April 7, 2015**

Rose Lee asked for any changes needed to the April 7, 2015 Audit Committee Meeting Minutes. Seeing no changes needed, Rose Lee asked for any objections to approve the April 7, 2015 Audit Committee Meeting Minutes as presented. **Rose Lee noted that the April 7, 2015 Audit Committee Meeting Minutes were approved as presented by unanimous consensus.**

**Information Items:**

**1. Introduction of McGladrey Audit Partner**

Cathy Busalacchi introduced the Audit Committee Members and guests to Lisa Wilson and Michael Holt of McGladrey.

**2. Presentation by Audit Partner of June 30, 2015 Financial Audit Draft**

**a. Audit Committee – Questions & Answer Session**

**b. Discussion of Findings**

**c. Review of Management Letter, if any**

Ms. Lisa Wilson and Mr. Michael Holt gave the Board members the highlights and touched upon the key points of the Year End June 30, 2015 Audited Financials draft. Michael Holt thanked Ms. Kelly and Ms. Hagens for their work with the Audit this year. Mr. Holt noted that they gave McGladrey all the information that was needed for the audit. Mr. Holt noted that there was no new accounting or new audit standards this year. There were no significant changes to the financial statements. Mr. Holt directed members

to page three of the draft audit report and commented that the MDA is the Management Discussion Analysis and that McGladrey anticipates issuing an unqualified opinion. Mr. Holt noted that the summary of net position as the total assets being approximately 11 million as of June 30, 2015. The total liabilities were at 1.8 million and the total net position was at 9.1 million.

Michael Daniels inquired as to why the total assets went down from 2014. Mr. Holt commented that this is really a timing issue as is noted in the narrative in the second paragraph. Mr. Holt also noted that the student fees decreased from the prior year. Ms. Busalacchi noted that one of the things the University asked the Student Union was to maintain the Local Reserves at one-third of the Student Union operating budget and because the SU was over the one-third threshold, less fees were given to the Student Union.

Mr. Holt noted that the total operating revenues are down slightly due to less Student Fees being received for 2015. Mr. Holt also commented that there was an operating loss for the three prior years and that this loss is due primarily to the Student Fees and that the Student Union does not have much control over this. Lisa Wilson commented that the operating loss is also due to the payroll tax payment for FICA that had a big impact on the net income as well.

Mr. Holt continued and noted that pages ten and eleven were more detailed statements of net position, balance sheet and income statements. Ninh Pham-Hi inquired why there are fluctuations. Lisa Wilson responded that what the Student Union can control has been very consistent. The things that fluctuate are things that the Student Union does not control. However, these fluctuations will show on the financial statements as variations which are difficult to present in a way that takes that variation out.

Ninh Pham-Hi went on to comment that the revenue flow for the Student Union is very cyclical and the cycle is controlled by the University so that creates a recording ripple through. Lisa Wilson noted that she believes the University is accounting for most of that swing because the biggest swing is in student fees and the rest of the revenue cycles don't experience that. Kristin Kelly noted that this is a budget issue where the Student Union actually purposefully requested 1.6 million less in student fees in order to achieve the net loss which was supposed to be a loss of 1.6 million but the actual loss was \$800,000 this means that the Student Union generated more income than anticipated during the budget cycle. Lisa Wilson commented that the goal is to break even. Cathy Busalacchi commented that the University asked the Student Union to not keep more than one-third of the operating budget in the Local Reserves. Rose Lee commented that the Student Union is carrying forward the Local Reserves from year-to-year and working the balance down by asking for less Student Fees from the University.

Michael Holt asked if there were any other questions. Mr. Holt commented that he was going to continue with the audit presentation since there were no other questions. Mr. Holt noted that page thirteen shows more detailed information regarding the notes. Mr. Holt commented that the notes section is still not finalized and that McGladrey is still working through final edits but do not anticipate any significant changes from prior years. Mr. Holt also noted that the remaining pages are required by the Chancellor's Office even though they remain blank.

Rose Lee inquired what the audit timeline was. Ms. Wilson noted that the draft reports are presented to the Chancellor's Office on September 8, 2015 and then in a week or so the final reports will be printed and bound.

Rose Lee asked for a motion to move the meeting into closed session.

**Ninh Pham-Hi moved to approve to move the meeting into closed session.**

**Rose Lee seconded the motion.**

**VOTE ON THE MOTION: UNANIMOUS MOTION PASSED.**

**Closed Session Items:**

**1. *Overview of Audit Concerns***

Cathy Busalacchi reported that the Audit Committee discussed any concerns with the Auditors.

**2. *Discussion of Financial Concern within Box Office***

Cathy Busalacchi reported that she gave an update to the Audit Committee Members regarding the Box Office financial concerns.

Rose Lee asked for any objections to approve to moving the meeting back to regular session. Seeing no objections, **Rose Lee noted that the meeting was back in regular session by unanimous consensus.**

**Action Items:**

**1. *Approval of Year End June 30, 2015 Audited Financials Draft***

Rose Lee asked for a motion to approve the Year End June 30, 2015 Audited Financials Draft.

**Ninh Pham-Hi moved to approve the Year End June 30, 2015 Audited Financials Draft as presented.**

**Michael Daniels seconded the motion.**

**VOTE ON THE MOTION: UNANIMOUS MOTION PASSED.**

**2. *Approval of Chair and Vice-Chair for 2015-16***

Rose Lee asked for nominations for the Chair and Vice-Chair for the Audit Committee for the 2015-2016 Academic Year.

Anna Santana was nominated as Chair. Anna Santana accepted the nomination.

Michael Daniels was nominated as Vice-Chair. Michael Daniels accepted the nomination.

Rose Lee asked for a motion to approve Anna Santana as Chair and Michael Daniels as Vice-Chair of the Audit Committee for 2015-2016 academic year.

**Ninh Pham-Hi moved to approve Anna Santana as Chair and Michael Daniels as Vice-Chair of the Audit Committee for 2015-2016 academic year.**

**Michael Daniels seconded the motion.**

**VOTE ON THE MOTION: UNANIMOUS MOTION PASSED.**

**Meeting Adjournment**

Rose Lee asked if there was any other business to discuss. Seeing no other business to discuss, Rose Lee asked for any objections to adjourn the September 8, 2015 Audit Committee Meeting.

Seeing no objections, Rose Lee noted that the **September 8, 2015 Audit Committee Meeting was adjourned at 5:05pm by unanimous consensus.**