



Associated Students, Inc. Audit Committee Meeting Minutes

Wednesday, September 11, 2019
11:00am –12:00 pm
Bronco Student Center – England Evans

CALL TO ORDER

1. Meeting was called to order at 11:03am by Joice Xiong
2. Quorum check

Members:

Joice Xiong, Audit Committee Chair (present)
Joe Simoneschi, Associate Vice President for Finance & Administration (present)
William (Jim) Priest, Community Member (not present)
Michael Vasquez, Secretary of Program & Services/Student Representative (present)

Other Attendees:

Liz Roosa Millar, ASI Executive Director
Carol Lee, ASI Director of Financial Services
Andy Maffia, CPA, Partner, Aldrich CPAs + Advisors LLP

3. Approval of minutes: motioned by Joe, seconded by Michael (approved 3-0-0)

ACTION ITEMS

1. 2018-19 External Audit – Associated Students Inc., including Bronco Student Center

Using the executive summary in the board packet, Andy Maffia outlined of the process and the outcome of the audit. Andy stated that ASI received an unmodified opinion with one maternal weakness in internal controls. Aldrich also received full cooperation from ASI management and staff throughout the audit.

The material weakness in internal controls is related to ASI's CalPERS pension plan. Since ASI's plan is part of a multiple employer plan, according to FASB accounting standards, the liability of the plan must be recorded. This led to their recommendation of two adjusting entries to record the \$454,089 liability for the current year and \$1,551,981 restatement for prior periods. Aldrich found out about ASI's plan type through a report that the Cal Poly Pomona Foundation received, and Andy mentioned that it would have been difficult for ASI to know this information.

Joe asked about the difference between a multiple employer plan and a multi-employer plan. Andy explained that with the multiple employer plan, each participating organization is responsible for its liability. On the other hand, with the multi-employer plan, the plan itself is a

separate entity that takes on the responsibility of the funded status of the plan and therefore, participants do not record the liability. Fortunately, ASI is in a healthy financial position to absorb the additional liability.

The OPEB entry was also recorded as an adjusting entry due to the timing of when the actuary report became available. This year the OPEB liability also increased significantly by \$1,499,925.

The committee also reviewed the entire financial statements packet. Andy explained the new liquidity reporting standards help a general reader to fully understand how much the assets of a firm are available for general use within one year and identify if there are any restrictions on how the money can be used. The new net assets reporting standards changed from reporting categories (unrestricted, permanently restricted, temporarily restricted) to two (with donor restrictions and without donor restrictions). ASI did not have any net assets with donor restrictions as of June 30, 2019 but will start receiving donations for student clubs and organizations as of July 1, 2019. Next year's net assets will have donor restrictions.

Motion to accept the report: Motioned by Michael, seconded by Joe (approved 3-0-0)

DISCUSSION ITEMS

None

INFORMATION ITEMS

None

ADJOURNMENT

Next Audit Committee Meeting – to be determined

Approved by:

Joice Xiong
Director of Internal Audit & Committee Chair

Date