

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
AUDIT COMMITTEE MINUTES
TUESDAY, JANUARY 31, 2023
2:00 P.M.**

<https://csun.zoom.us/j/87502276586?pwd=azAyZjpvUd2bIBCbmpkTy9iQ2RvUT09>

I. Call to Order

The meeting was called to order by Chair, Sharon Eichten at 2:04 pm

II. Roll Call

Present	Absent	Staff/Guests
Sharon Eichten Committee Chair (voting)	Ashley Shterenberg, Student Representative (voting)	Alejandra Aparicio, Assessment Coordinator
Ampie Elomina, Student Representative (voting)		Lusine Dayan, Accounting Manager
Debra Hammond, Executive Director (non-voting)		Lisa Cummings CPA, Senior Manager, CohnReznick
Joseph Illuminate, Executive Secretary (non-voting)		Jinglan Gao, CohnReznick
Valerie Lopez, Student Representative (voting)		
Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Ops, Administration, and Finance (voting)		

III. Approval of Agenda

M/S/P (A. Elomina/E. Winterhalter) Motion to approve the Agenda for January 31, 2023.

Main Motion passes by General Consensus

IV. Approval of Minutes

M/S/P (A. Elomina/V. Lopez) Motion to approve the Minutes for September 8, 2022.

Main Motion passes by General Consensus

V. Chair's Report

Chair, S. Eichten welcomed the committee members to the first Audit Committee Meeting

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of the Spring semester.

VI. Action Item

A. Form 990 Return of Organization Exempt from Income Tax (2021-2022)

M/S/P (A. Elomina/V. Lopez) Motion to accept the Form 990 Return of Organization Exempt from Income Tax (2021-2022)

L. Cummings, Senior Manager and Jinglan Gao of CohnReznick, joined the meeting via zoom to present Form 990 to the committee.

L. Cummings explained that Form 990 is not a tax return; it is an information return. All nonprofit organizations with gross receipts of more than \$50,000 per fiscal year are required to file Form 990 Return of Organization Exempt from Income Tax with the Internal Revenue Service (IRS). The best practice is to present Form 990 to the Audit Committee and Board of Directors prior to filing the tax information returns with the Internal Revenue Service.

L. Cummings reviewed the key sections of Form 990 with the Audit Committee. The first 12 pages are the core of Form 990 which includes the summary of financial information, program service accomplishments, checklist of required schedules, statements regarding other IRS filings and tax compliance, and corporate governance.

J. Illuminate explained to the committee that the USU changed the methodology for computing Unrelated Business Income Tax (UBIT) based on an analysis from a consulting firm.

The previous methodology was to compute total UBIT income and allocate expenses based on the percentage of total UBIT income to total revenue. For example, membership income, guest passes, and pool passes are considered UBIT for the Student Recreation Center. Therefore, the total UBIT income is divided by total Student Recreation Center income to determine the allocated expense percentage.

The current methodology is to compute total UBIT income and allocate expenses based on total square footage e.g. total square footage of the Student

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Recreation Center.

J. Illuminate explained that the new methodology will result in UBIT net income that could result in paying UBIT at a 21% rate. The previous methodology resulted in net losses. When there is a net loss, payment of UBIT is not required.

Although there was positive UBIT net income for 21-22, no tax will be due because the IRS allows organizations to rollover losses from previous years to offset gains from the current year. The USU has losses in previous years that offsets the gain in 2021-22.

There were no questions from the committee. L.Cummings confirmed that Form 990 is in order without any negative issues to report. The entire Form 990 will be available on the USU's website once it has been filed with the IRS.

Motion passes 3-0-0

VII. Discussion Items

A. None

VIII. Announcements

A. None

IX. Adjournment

The meeting was adjourned by Chair, S. Eichten at 2:28 P.M.

Respectfully Submitted,



Joseph Illuminate
Associate Director, USU Accounting & Finance