

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
AUDIT COMMITTEE
MINUTES
MAY 03, 2019**

I. Call to Order

The meeting was called to order by Chair, Ron Clouse at 10:04 a.m.

II. Roll Call

Present	Absent	Staff/Guests
Jonathan Banks, Student Representative (voting)		Michael Good, CohnReznick Partner
Ron Clouse Committee Chair (voting)		Jonathan Navarro, Accounting Manager
Sharon Eichten, University Representative (voting)		Camille Talbo, CohnReznick, Senior
Debra Hammond, Executive Director (non-voting)		
Joseph Illuminate, Executive Secretary (non-voting)		
Omar Khalil, Student Representative (voting)		
Jonathan Navarro Accounting Manager (voting)		
Jacob Rogers, Student Representative (voting)		

III. Approval of Agenda

M/S/P (J. Banks/J. Rodgers) Motion to approve the agenda for May 03, 2019.

Motion passes by General Consensus

IV. Approval of Minutes

M/S/P (J. Rodgers/J. Banks) Motion to approve the minutes of March 06, 2019.

Motion passes by General Consensus

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V. Chair's Report

None

VI. Discussion Items

A. 2018-19 Audit Planning Report

Michael Good, CohnReznick Partner, presented the audit plan for the 2018-19 audit.

He began with the composition of the audit engagement team which is the same from the previous year with the exception of the addition of a new Manager: Ben Khwaja.

CohnReznick will provide the following services:

- Audit the USU's financial statements as of June 30, 2019.
- Prepare the annual information tax filings for the IRS (Form 990) and the State of California (Forms 199 and RRF-1).

USU management's principal audit responsibilities are to maintain adequate internal controls, make financial records available, prepare the financial statements, review audit entries, designate a competent individual to oversee the audit, and evaluate and review the tax information returns and accept responsibility for the results.

The audit objectives are for CohnReznick to conduct and audit the financial statements, communicate best business practices, provide consultation in regards to internal control and accounting issues, timely issuance of the financial statements, ensure that the Audit Committee is informed about the USU's financial reporting matters, compliance with professional auditing standards, and ensure that the supplemental information complies with requirements of the Chancellor's Office.

The audit strategy is to focus their resources on high risk areas which includes revenue recognition, net assets classification, internal controls, estimates, cash, payroll, and accruals. Also included is a review of the allocation of expenses by functional categories.

A draft of the audit report is expected the first week of September 2019. The final draft is expected to be completed by September 16, 2019.

Finally, Michael Good concluded the audit plan by reviewing FASB ASU 2016-14 Presentation of Financial Statements of Not-for-Profit Entities. This new standard requires qualitative and quantitative requirements in a number of areas, including net asset classes, information on liquidity, and expense presentation.

In order to simplify the net asset classification, the new guidance requires Not-for-Profit's to present, the amount for each of two classes of net assets—*net assets with*

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donor restrictions and *net assets without donor restrictions*—as opposed to three.

In order to provide more transparency, the new guidance includes requirements aimed at improving the ability of financial statement users to assess a Not-for-Profit's available financial resources and liquidity. Specifically, the amendments require disclosure of both quantitative and qualitative information about the *availability of* and *how* the Not-for-Profit manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date. Michael stated he would be able to provide the USU a template in order to meet this requirement.

In order to make information about expenses more comparable and useful, the new guidance requires all Not-for-Profits to provide information about their operating expenses by both nature and function—on the face of the statement of activities, as a separate statement, or in the notes to the financial statements, supplemented with enhanced disclosures about the methods used to allocate costs among functions.

FASB ASU 2016-01 Leases will impact the USU for the 2019-20 audit. This standard will require that the USU's copier lease be designated as a capital lease instead of an operating lease.

B. Committee Member Appreciation

Chair, Ron Clouse presented student members with a certificate of appreciation for their service for the 2018-19 fiscal year. All students are graduating and will be sitting for the CPA exam during the summer.

VII. Announcements

None

II. Adjournment

The meeting was adjourned by Chair, Ron Clouse at 10:27 a.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Accounting & Finance