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**AUDIT COMMITTEE MINUTES**

SSU Foundation Audit Committee Meeting

May 23, 2025 10-11am

Hybrid Meeting

*Members Present:* Randy Pennington (Chair), Anita Christmas, Josh Goff, Brigitte Lahme, Ray Pounds, Mike Sullivan (all via zoom)

*Committee Staff Present:* Amanda Visser, Ian Hannah, Alicia Hodenfield,

Kristin Hillman (all via zoom)

*Committee Staff Absent:* Mario Perez, Monir Ahmed

*Guests Present:* Andy Maffia and Lance Flett, Aldrich CPAs (via zoom)

1. OPENING COMMENTS

The meeting began at 10:05 am.

Randy Pennington acknowledged the difficulties that Sonoma State University had been experiencing as of late, and still felt hopeful that the University would continue to move forward positively.

Pennington welcomed Ray Pounds to the committee.

1. APPROVAL OF THE MINUTES – 9.11.2024

Pennington asked for approval of the minutes. The minutes were approved unanimously.

1. AUDIT PLAN & TIMELINE FOR 24/25 FISCAL YEAR – Aldrich

Pennington introduced Lance Flett and Andy Maffia from Aldrich CPA’s.

Maffia explained the official kick off for the audit is June 30, 2025, and currently they are in planning phases. The Aldrich team and the Sonoma State University Foundation accounting team have been discussing the plan and required communication, the team approach and timeline.

Maffia continued there hasn’t been any significant accounting, auditing or deadline changes from Chancellor’s Office (CO). They will be working backwards to put together a time plan, using the previous years as a blueprint.

Maffia provided a high-level review of the plan including what and why there is an annual financial audit, noting it is required by the State of CA and the CO. This audit will be rolled up and included in the full system report by the CO.

Maffia clarified having an audit doesn’t remove the responsibilities of the management team, committee, or board.

Main areas to be addressed during the Audit:

* Planning phase – early June
* Field work – begins week of June 9
* Reporting – Audit report delivered to Management by Sept 5, 2025 – and provided to the Audit Committee no later than one week before the meeting
* Final version of financial statements and report is due to CO and SSUF Board in late September

Maffia acknowledged the team at SSU – always good communication and timely delivery of requested items.

Deliverables from the audit will be financial statements, reports on internal controls, letters to and participation in the meetings with the Audit Committee and SSUF Board of Directors.

Pennington inquired about the scholarships and endowments due to the elimination of programs. Amanda Visser and Ian Hannah are evaluating, discussions with some donors have begun. SSU will still have teach out programs for impacted majors, which will delay some conversations. There will be additional discussion on this topic at the June board meeting.

Hannah noted that the population of impacted funds have generally been identified. SSU does not anticipate returning funds due to tax implications. Mostly looking to redirect funds. He added there is a frustration clause in gift agreements (allows for redirecting) for endowments which will aid in these conversations. The Foundation and the President will be approvers for changes, particularly where there is no contactable donor(s).

Pennington asked if we anticipate any disclosure due to related uncertainty? Visser noted it will be brought up in MD&A for transparency only, doesn’t see need for note at this time. Hannah also clarified the Foundation does have changes that occur each year to endowment and companion funds where adjustments have to be made based on donor intent and changes to programs, this is just larger scale in both number of in significance of the impact, and will require more Board involvement.

Pennington asserted transparency is critical. This was agreed by the committee.

Fraud Considerations – considered at each audit including misappropriation of assets or fraudulent financial reporting. Verify checks and balances adhered to.

Peer review report – Auditors audited every three years by peers.

Aldrich team considers all areas that could impact SSUF, the university, the state budget, external threats, etc. during the evaluation process.

Anita Christmas inquired how generative AI is being used? Maffia advised the tools and programs to assist CPAs have been underdeveloped. The team will utilize for starting initial research and will fact check. Tools to summarize information. Still in infancy stage of what is actually useful.

1. SCHOLARSHIP COMPLIANCE REVIEW REPORT

Pennington introduced Visser to review the Scholarship Compliance Report, provided in the agenda packet.

Visser noted, 28 funds (equals approximately 10% of the total value of funds) were reviewed with the scholarship team to verify that scholarships are being distributed per donor intent. Of the 28, four were with athletics and confirmed awarded, one fund had no activity in recent years – as it was a departmental managed fund, two endowments were combined, two were brand new, two had received no qualified applicants, one had insufficient funds to disburse ($250 is the minimum).

This review practice is continued each year and the scholarships reviewed are randomly generated.

Pennington asked if we will be addressing these smaller funds to combine them? It was confirmed there are older endowment funds with small balances which will be evaluated to see if some can be combined or un-endowed for current use, following UPMIFA rules.

At 11am Andy Maffia left the meeting.

1. AUDIT COMMITTEE CHARTER REVIEW

The committee did not see any changes that needed to be made to the charter at this time.

1. OPEN ITEMS

The meeting was adjourned at 11:03am.

Signed by Alicia Hodenfield signature redacted

Signed by Ian Hannah signature redacted

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*Minutes Approved by: Minutes Prepared by:*

Ian Hannah Alicia Hodenfield

*Chief Operating Officer & Secretary, Administrative Manager for*

*SSUF Advancement and Foundation*

*Operations, SSU*