Minutes
Board of Director's Meeting
November 13th, 2019
SUB 418

Attendees:	Steve Deutsch	Fred Destefano
	Melinda Cirillo	Clare Del Grosso
	Michele Halstead	Matthew Kreuz
	Stephanie Blaisdell	Taijah Pink
	Corinna Caracci	Liam Farrell
	L. David Eaton	Kiana Gourdine
	Brian Obach	Kevin Dicey

Others Present: Rosemarie Palmeri, Tim McTurk
Recording Secretary: Jacqueline Pascar
Call to order: 10:09 am

Unanimous approval of agenda, the Annual Meeting and the October 9, 2019 minutes

ED Report

Steve welcomed any questions about the report. **Brian** asked how often the Appalachian Trail Conservancy comes to campus. **Steve** explained that the conference moves around the region and the coordinators are interested in hosting on campus, but they have not officially signed with conference services yet. **Brian** asked if they stay in the residence halls. **Steve** confirmed. **Brian** complimented the service and asked how campus conferences are marketed. **Steve** stated that in the past they've used planners through the Sodexo network, but conferences are now advertised on their own page within the CAS website. **Steve** further explained that "The challenge is competing interests with campus resources. We have a lot of athletic camps that happen in the summertime, we can only get certain residence halls because they're always working on residence halls. A good fit is a group that has the money to make it worthwhile for us and is also willing again to stay in a residence hall without air conditioning." **Brian** asked if we are optimizing use of available resources. **Melinda** confirmed. **Steve** asked if there were any additional questions. The answer was no.

Old Business

Update on Bottled Beverages

Steve noted that he wanted to give a brief update on bottled beverages and hoped to have a full discussion at the December meeting when Lisa Mitten is able to attend. **Steve** explained that Lisa hosted a conference call with Judith Enck, fellow and visiting professor at Bennington College. Judith founded "Beyond Plastics", an organization aimed to reduce plastics in oceans and the environment altogether. **Steve** noted that Enck "was thrilled to hear about the encouragement of reusable [water bottles]," and stated that he would like to discuss the idea of inviting Judith Enck to campus at the next board meeting in December. **Steve** emphasized a comment **Dave** had made in the previous board meeting that, "…no one's going to vote against the initiative that we've already started, but maybe we can morph it into something that works for the entire campus and has sort of a several years strategic plan to it." **Steve** stated that Judith is willing to visit and noted that a fee will be involved, which is how she raises money for her organization. **Steve** reiterated that he would like to discuss this at December's meeting and welcomed any questions. No questions were asked.

New Business

Presentation of Annual Audit
Steve welcomed **Rose Palmeri**, the corporation's auditor for the last several years, to present the annual report. **Rose** announced that she would present the audit results for the year ending May 31, 2019. The board was sent the following documents: the audited financial statement, letter of governance, and management letter.

Rose explained that the letter of governance is directed toward the board and "it just lets you know some aspects about the audit that you may not otherwise know. It's supposed to help confirm that there were no side deals between the auditor and management." **Rose** noted that any issues, such as significant deficiencies or difficulties dealing with management, would be highlighted in the letter. No issues were indicated. **Rose** explained that she would discuss the management letter and additional notes after presenting the financial statements.

On the first page of the Audited Financial Statements, **Rose** highlighted the auditor's opinion and explained that the statements of financial position on the following page includes a snapshot of the amounts owed and leftover assets as of May 31. **Rose** noted that the new terminology "net assets without donor restrictions" was included to adhere to the new not-for-profit standards. **Rose** explained that, "In the accounting literature, it was felt to be more understandable to people than talking about these different levels of restriction." The statement reflected that cash increased, while other numbers remained similar to 2018. Fixed assets considerably decreased, which was expected with the completion of the bakery project. Liabilities remained flat except for deferred income which decreased. **Rose** explained that deferred income is moneys collected in advance to earning the revenue. She also stated that the "decrease related primarily to the capital investment fund that you have as part of your food service contract."

The statements of activities on page 3 show the annual revenues and expenses broken down by the different functions. **Rose** noted that the net assets without donor restrictions remained fairly flat, aside from the increase in the food service area. She explained that, "the increase in expenses is due to an increase in food costs and increase in cost to provide meal plans." Other auxiliary revenue, which is the function of conferences, decreased compared to last year. **Rose** mentioned that revenue and expenses track together, because with more conferences there is more money spent. The miscellaneous revenue of $6 million under non-operating expenses was due to the recognition of revenue from the capital investment fund. Program expenditure increased from $566,966 in 2018 to $5,059,696 this year, since the bakery was donated back to the college. **Rose** highlighted that the large unrealized loss on investments was due to the decreases in market value and investment portfolio at the end of the year. She explained that the unrealized losses on investments "floats up and down. It's not intended to be a permanent number, it's not a permanent impairment of your portfolio, it's a point in time measurement." **Rose** concluded that "part of the audit process is to look at the subsequent activity to make sure that it's not a permanent decline," and noted that it was a good year with a net asset increase of $1,209,552.

The statement of functional expenses on page 4 was a new requirement for all not-for-profits, which shows "big expense line items" across the different program services. **Rose** presented the statement of cash flows, explaining that "it walks you through in what you spent money on, what you received money for, purchases of fixed assets, which use money and then go into assets, and then investment activity." Nothing was unusual with the statement, but **Rose** did point out that the $4.7 million of capital grants appeared throughout the entire statement.

Rose mentioned that a new footnote about liquidity was included, "…explaining that the financial statements are presented in a form where assets are in their nearness to cash, liabilities are their nearness to use of cash, so that somebody has an a clearer picture of our financial position." The following note on investments showed the breakdown of the portfolio. **Rose** stated that the corporation was more heavily into equity funds and explained that "bond funds have been sluggish over the last few years, so the equity funds have done much better."

Rose noted a decrease in fixed assets was primarily related to a decrease in construction in progress. Year over year there is a significant decrease in construction projects related to food service on campus. The Pension Plan note included was a "a required disclosure regarding the employees retirement plan." **Rose** highlighted that the $4.7 million donation of the bakery to the college appeared again in program expenditures under SUNY at New Paltz property improvements grant. **Steve** emphasized, that the bakery project cost CAS $6 million dollars. Out of that, CAS donated $4.7 million back to the college. He further noted that this amount included repairs made to the actual structure of the building, but excluded the cost to purchase the equipment. The equipment belongs to the corporation.

Rose mentioned the note about net assets without donor restrictions on page 10. She stated that "This is your unrestricted net assets, and it just talks about some of the requirements that SUNY has, and that you're in compliance with the guidelines." **Rose** presented the following note on commitments with both the college and subcontracted operations, explaining that "this lays out what the contract commitments are and commissions...". The note about the food service contract defined "some of the initiatives that are in the current contract. And that's where that capital investment money came in to help pay for some of the bakery project." **Rose** concluded there was a note added related to subsequent events and went on to explain there were no items, between year-end to the date the statements were issued that needed to be disclosed .

The supplementary information in the back breaks down each function individually. **Rose** mentioned that the revenues and expenses in this section were summarized in the financial statements. **Rose** noted that the substantial increase in miscellaneous revenue was from the $5,272,769 given to the corporation from the capital improvements incentive in the Sodexo contract.

Rose presented the corporate fiscal stability ratios on page 28, noting that it showed the corporation is in compliance. She further explained that, "It shows how you get to measuring the compliance, and this is the support for the reserves in the net assets, because you have to setup certain reserves to show that you have enough to continue in existence."

The last 3 pages of agency account activity provided details of every agency fund. **Rose** emphasized that $2 million flows through agency funds during the course of a year and mentioned that a comment about agency funds was included in the management letter. **Rose** asked if there were any questions about the financial statements. The answer was no.

Rose began to present the management letter, clarifying that the included statements were not "significant deficiencies or material weaknesses" but instead additional comments. **Rose** explained that "when you do an audit you handle a lot of things; you see a lot of documents and going through the process you make note of things that would help improve controls and efficiency." Though not all tasks can be evenly distributed across CAS due to the staff size, **Rose** noted that the segregation of duties can be refined by continuously reviewing internal controls. As an Auxiliary Service Guideline, policies and procedures should be formally documented. **Rose** acknowledged that this comment was included in a previous management letter. She further explained that the implementation of new financial software "…shuffled some duties of people for the access to the new software and this will now start getting addressed." **Rose** mentioned that the new investment policy that was adopted last year refers to a finance committee which does not exist. **Steve** noted that there is an investment committee. **Rose** suggested to revise the language in the policy to read investment committee instead.

Similar to the Auxiliary Services Guidelines, SUNY also issued the request for agency fund policies and procedures documented in writing. Though there are forms for every fund, **Rose** noted that the signatures on the original agreements did not all match up with the individual agency account signatories. She further suggested, "maybe you just copy [the signatory cards] and attach them with the agreement …or come up with an addendum sheet each year. So, if the signatories change, you're keeping pace that the agreement has the proper people identified on it." **Rose** said that the agency fund testing found a few things, one being some scholarship payments made out earlier in the year. With the new guidelines, this is no longer accepted. There were a few inconsistent items purchased within a test of 85 items. Additionally, there was an agency account with no agreement on file. **Rose** explained that "these are all small one offs; they're not a big, pervasive problem. So, it's just getting it buttoned down and then getting the policies and procedures written up."

Rose noted that the compensation process should be clearly documented, while ensuring that personnel files also contain clear records. In terms of cash concentrations, **Rose** recommended that an annual decision should be made whether or not to stay with the same financial institution. **Steve** asked if **Rose** meant the actual banks that the corporation uses. **Rose** confirmed and explained that "It's just so you know that you've at least considered 'Is this bank still safe?'." While a document retention policy was informally in place, **Rose** suggested that it become formalized. The final comment covered an accounting standard update with how revenue is recognized. **Rose** stated that every revenue stream should be considered in terms of when is the cash actually collected. In addition, not-for-profits should determine whether money earned is through an exchange transaction or a contribution, and further how that gets recognized as revenue. **Rose** asked if there were any questions. **Brian** commented that he noticed there are some recommendations that show up every year. **Rose** explained that the implementation of the new accounting system shifted job duties within the office. With that, a formalized policy manual was put on hold until all roles with the new software were finalized. **Steve** paraphrased that "we have an accounting software that we use, and we have job responsibilities based on who inputs what part of that system. We didn't really know what the job responsibilities would be until after we've gotten the software in place." With the new software in use for 9 months, everyone's roles have been reestablished. **Brian** asked if that only addressed a particular recommendation.
Rose clarified that the new software implementation led to a couple of the recommendations. She explained that "agency and the organizational policies and procedures all feed into this because it all runs through the financial system. And like I said, it's not that you have no policies and procedures, there are some. It's just getting it all documented, more comprehensively to fit in the guidelines." **Rose** noted that management knew policies and procedures would reappear and reiterated that "waiting for the system to be in and getting everybody's duties shuffled made sense. Now [the policies and

procedures] can be documented clearly." **Steve** asked if there were any questions. No additional questions were asked. **Steve** and the board thanked **Rose**.

Steve announced that Peregrine would host the first ever Thanksgiving Meal and welcomed **Kevin** to discuss the details. **Kevin** noted that the dining hall would shut down in the afternoon on November 13 to transform into a restaurant. He explained, "Just like if you went to a traditional Sunday brunch with carving stations and buffets and tablecloths... and this will become the new norm." **Kevin** noted that the dining hall would reopen for dinner from 4:30pm – 8:00pm and mentioned that the staff is so excited that they're already planning for the Holiday Dinner. **Steve** thanked **Kevin** and asked if there were any additional questions or comments. There were no comments. **Steve** motioned to adjourn the meeting. **Matt** motioned. **Pink** seconded. **Steve** announced that the board would meet in December and have a more robust discussion about Judith Enck and bottled beverages.

Meeting Adjourned: 10:45 am