

Audit Committee Meeting

Wednesday, May 19, 2021 | 7:20 p.m. – 7:50 p.m.

Connect by Conference Call:

833-711-4986 | Meeting ID: 3719527#

Agenda

- I. Call to Order
 - II. Roll Call
 - III. Conflict of Interest Disclosure
 - IV. Approval of Minutes
 - a. November 18, 2020, Audit Committee Meeting
 - V. Status of Action Items
 - a. Review of Endowments by FAMU Division of Audit and Compliance
 - VI. New Business
 - a. Preparation for the Audit of Fiscal Year 2020-2021 Financial Statements
 - VII. Other Items
 - VIII. Adjournment
-

FAMU Foundation, Inc.

Vision

To be a global leader in the transformation of lives, one scholar at a time.

Mission

We will assist the University in achieving its mission by raising and stewarding contributions through exceptional management, investment, and administration of assets received.

AUDIT COMMITTEE MEETING MINUTES

Florida A&M University Foundation Board of Directors

Fall 2020 FAMU Foundation Meeting

Wednesday, November 18, 2020 | 11:35 a.m. – 12:20 p.m.

Teleconference

Committee Members Present

Dir. John Green, *Chair*

Dir. Twuanna Munroe Ward, *Vice Chair*

Dir. Monica Williams Harris

Dir. Kenneth Neighbors

Dir. Akunna Olumba

Dir. Alan Robertson

Committee Member Not Present

Dir. Chan Bryant Abney

Dir. Hosetta Coleman

Dir. Lorin Crenshaw

Guests Present

Mrs. Carshena Allison, *BCA Watson Rice*

Dir. Alfreda Blackshear

Dir. William Bryant

Dir. Gregory Clark

Dir. Shawnta Friday-Stroud

Dir. Jemal Gibson

Dir. Clifton Goins, IV

Dir. Lenetra King

Dir. Lisa LaBoo

Mr. Joe Maleszewski, *Vice Pres., Audit, FAMU*

Dir. Carmen Cummings Martin

Mr. Keith Miles, *Interim Director, Communications*

Dir. Larry Robinson

Atty. David Self, *Associate Gen. Counsel, FAMU*

Dr. D. Denise Wallace, *General Counsel, FAMU*

Dir. Tirrell Whittley

Dir. Pia Woodley

Staff Present

Ms. Sheila Fields, *University IT Office*

Ms. Kristen Florence

Ms. Kim Hankerson

Ms. Juanita Johnson

Mrs. Gena Palmberg

Mrs. Audrey Simmons Smith

Mr. Eric Swanigan

Mrs. Brandi Tatum-Fedrick

Ms. Angie Wiggins

Call to Order and Roll Call

The meeting was called to order at 11:35 a.m. by Chair John Green. Ms. Angie Wiggins called the roll and confirmed that a quorum was present.

Conflict of Interest Disclosure

Chair Green requested that Committee members disclose any conflict of interest with items on the Agenda; none were disclosed.

Approval of Minutes

a. **May 13, 2020, Audit Committee Meeting**

b. **October 19, 2020, Audit Committee Meeting**

Director Monica Williams Harris motioned for approval; seconded by Director Kenneth Neighbors. The motion passed, unanimously.

Spring 2020 Board Meeting Action Items

a. Policies and Procedures

1. Conflict of Interest Policy
2. Pledge Write-Off Process
3. Gift-In-Kind Notification & Review Form with Guidelines
4. In-Kind Donations Accounting Process
5. Confidentiality Agreement
6. Volunteer Non-Disclosure Agreement
7. Information Technology Security Policy
8. FAMU Cyber Liability Insurance Policy

At the Spring 2020 Audit Committee Meeting, staff was requested to provide the referenced policies and procedures that have been completed as noted in the Operational Audit recommendations. Director Shawnta Friday-Stroud advised that it was a clean audit, but a few recommendations were received. She reviewed the policies and procedures listed on the Operational Audit Summary. The policies were included in the Board Meeting materials.

b. BCA Watson Rice Price Proposal

Mrs. Carshena Allison of BCA Watson Rice discussed two different approaches that the FAMU Foundation can take at different price levels to investigate categories that are not customarily a part of their engagement as separate audits, specifically endowments. The first price point was \$35,000.00 for 25 percent. The second price point was \$140,000.00 for 100 percent.

Upon further discussion, Director Alan Robertson suggested that the University's Internal Audit and Compliance office conduct an internal review of the FAMU Foundation endowments. The motion below followed the discussion.

Motion: **I make a motion that the University Internal Audit and Compliance office do an internal review of endowments for the FAMU Foundation.**

Moved By: Director Alan Robertson

Seconded By: Director Akunna Olumba

The motion passed, unanimously.

New Business

a. Review and Approval of Fiscal Year 2019-2020 Form 990

Mrs. Allison presented a high-level overview of the Form 990 (IRS Tax Return) and supporting schedules. The motion below followed the overview.

Motion: **I make a motion to approve the Fiscal Year 2019-2020 Form 990 as presented today by BCA Watson Rice auditors.**

Moved By: Director Kenneth Neighbors

Seconded By: Director Alan Robertson

The motion passed, unanimously.

Adjournment | Minutes Prepared By

There being no further business to address, the meeting was adjourned at 12:15 p.m. by Director John Green. Ms. Angie Wiggins prepared the minutes.



**FAMU Foundation Board of Directors
Spring 2021 Board Meeting**

BCA Watson Rice

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE DURING PLANNING

May 4, 2021

To the Audit Committee of the
Florida A&M University Foundation, Inc.

Dear Director Green:

This letter is provided in connection with our engagement to audit the financial statements of the Florida A&M University Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2021. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit.

As stated in our engagement letter dated May 4, 2021, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards* for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility for other information included in the document containing the audited financial statements and our report thereon includes only the information identified in our report. We have no responsibility for determining whether Major Gift Program – Schedule of Receipts, Expenses, and Endowment Balances, and Eminent Scholars Chairs – Schedule of Receipts, Expenses, and Endowment Balances is properly stated.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.

The timing of our audit will be scheduled for performance and completion as follows:

	<i>Begin</i>	<i>Complete</i>
Document internal control and preliminary tests	June 14, 2021	June 21, 2021
Mail confirmations	June 30, 2021	June 30, 2021
Perform year-end audit procedures	August 2021	August 2021
Issue audit report	September 30, 2021	September 30, 2021

This information is intended solely for the information and use of the audit committee of Florida A&M University Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Tallahassee, Florida

May 4, 2021

To the Audit Committee of the
Florida A&M University Foundation, Inc.
625 East Tennessee Street
Tallahassee, FL

Attention: Director Green

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of the Florida A&M University Foundation, Inc. (the "Foundation") (the "Entity"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ending, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our services under this arrangement letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for

informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

The Audit Committee is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Foundation agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Foundation seeks such consent, we will be under no obligation to grant such consent or approval.

The Foundation agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Foundation agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because BCA Watson Rice LLP will rely on the Foundation and its management and Audit Committee to discharge the foregoing responsibilities, the Foundation holds harmless and releases BCA Watson Rice LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Foundation's management that has caused, in any respect, BCA Watson Rice LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the Entity's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Entity's books and records. The Entity will determine that all such data, if necessary, will be so reflected. Accordingly, the Entity will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Entity personnel is described in the attached client participation list, which outlines the specific schedules and analyses that should be completed by Entity personnel, including the dates when the information should be available to us. The participation list has been discussed with and agreed to by Ms. Juanita Johnson, Senior Director, Finance & Accounting. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, assessing the impact of new accounting standards), you agree to assume all management responsibilities, designate an appropriate individual to oversee the services, evaluate the adequacy and results of the services performed, accept responsibility for the services performed, establish and maintain internal controls, including monitoring ongoing activities, make an informed judgement on the results of the services, and accept responsibility for making the significant judgments and decisions that are the proper responsibility of management.

Other Relevant Information

BCA Watson Rice LLP may mention the Entity's name and provide a general description of the engagement in BCA Watson Rice LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by BCA Watson Rice LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses, including report processing, travel, meals, and fees for services from other professionals, as well as a charge of three (3) percent of fees for all other expenses, including indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Entity personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

The payment schedule for the aforementioned services is as follows:

First progress billing	Upon signing and returning of engagement letter	\$ 15,000
Second progress billing	Upon completion of interim fieldwork	15,000
Third progress billing	Upon delivery of draft reports	15,000
Final billing	Upon delivery of final reports	5,500
Total		\$ 50,500

In the event you terminate this engagement, you will pay BCA Watson Rice LLP for all services rendered (including deliverables and products delivered), expenses incurred and commitments made by BCA Watson Rice LLP through the effective date of termination.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, BCA Watson Rice LLP may, at its sole discretion, terminate this arrangement letter without further obligation to the Foundation. Resumption of audit work following termination may be subject to our client

acceptance procedures and, if resumed, will necessitate additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for BCA Watson Rice LLP to recommence work, a new arrangement letter would need to be mutually agreed upon and executed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Entity agrees it will compensate BCA Watson Rice LLP for any additional costs incurred as a result of the Entity's employment of a partner or professional employee of BCA Watson Rice LLP.

The audit documentation for this engagement is the property of BCA Watson Rice LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Entity or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Entity, the Entity will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

All matters related to the Company's adoption of the new revenue recognition standard pursuant to ASC 606 will be accounted for and billed separately.

All matters related to the Company's adoption of FASB ASC 842, *Leases*, will be accounted for and billed separately.

Claim Resolution

The Foundation and BCA Watson Rice LLP agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by BCA Watson Rice LLP or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. BCA Watson Rice LLP's liability for all claims, damages and costs of the Foundation arising from this engagement is limited to the amount of fees paid by the Foundation to BCA Watson Rice LLP for the services rendered under this arrangement letter.

Information Security - Miscellaneous Terms

BCA Watson Rice LLP is committed to the safe and confidential treatment of the Foundation's proprietary information. BCA Watson Rice LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Foundation agrees that it will not provide BCA Watson Rice LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the Foundation information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

BCA Watson Rice LLP may terminate this relationship immediately in its sole discretion if BCA Watson Rice LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or BCA Watson Rice LLP's client acceptance or retention standards, or if the Foundation is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, the Foundation or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of

Director John L. Green, Audit Committee Chair
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the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of the Entity's financial statements. Our report will be addressed to the Audit Committee of the Entity. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between BCA Watson Rice LLP and the Foundation, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

BCA Watson Rice LLP



Carshena T. Allison, Principal

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Confirmed on behalf of the Foundation:

Audit Committee Chair

Date

Chief Executive Officer

Date

Chief Financial Officer

Date

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