

**STUDENT UNION BOARD OF DIRECTORS
FINANCE COMMITTEE**

**Meeting Minutes
February 11, 2025
1:30 PM - 2:30 PM
Revised Agenda**

In-person: Student Union Building, Conference Room 6

Voting Members Present: Mari Fuentes-Martin, Ed.D., Maureen Pasag (BOD Designee), Jayeesh Tarachandani, Aditya Vishwakarma
Voting Members Absent: Sarab Multani
Non-Voting Member Present: Aaron Burgess, David Alves
Guests: Omar Garcia

I. CALL TO ORDER

Director Vishwakarma called the meeting to order at 1:35 p.m.

II. ROLL CALL

A verbal roll call was completed. Quorum met.

III. APPROVAL OF FEBRUARY 11, 2025 MEETING AGENDA

Director Vishwakarma asked for any changes to the agenda.

Request to add a discussion item regarding the memo from President Teniente-Matson, rescinding of Papazian letter dated 12.02.2021.

Director Vishwakarma asked for a motion with the recommended change.

Director Fuentes-Martin motioned to approve the agenda with the change; Director Pasag seconded the motion.

Vote on the Motion: 4-0-0 Motion Passed

IV. APPROVAL OF APRIL 24, 2024 MEETING MINUTES

Director Vishwakarma asked for any changes to the minutes

Director Vishwakarma asked for a motion.

Director Tarachandani motioned to approve the minutes as presented; Director Fuentes-Martin seconded the motion.

Vote on the Motion: 4-0-0 Motion Passed

V. DISCUSSION ITEMS

A. Review Tax Return for the Year Ended June 30, 2024

Alison Johnson, CPA, Senior Manager, and Kyle James, Tax Senior Associate, from CohnReznick reviewed the tax returns for the fiscal year ended June 30, 2024.

Federal Form 990 is an informational tax return required to be filed by nonprofit organizations. It provides details of the organization’s finances, mission, and governance. There is no tax or fee to file the Form 990.

The first page provides a summary and overview of the organization's mission, activities and governance, revenue, expenses, and net assets. The mission and program accomplishments section lists the organization's primary programs and financial contributions to them, mainly supporting SJSU.

Financial information required to be disclosed in the tax returns include details surrounding revenue and expenses. Revenue is detailed for both program-related and unrelated items. Expenses are reported for both program services and management and general expenses by specific categories. Also included is a Balance Sheet showing assets, liabilities, and net assets reconciliation.

Several schedules required with Form 990 provide additional details. Schedule A confirms the organization's status as a public charity. Schedule D provides details on financial statement reconciliations, assets, and liabilities. Schedule J lists compensation for employees earning over \$150,000. Schedule O explains specific policies and governance practices. Schedule R reports related entities and transactions.

Governance and compliance sections cover board members, policies such as conflict of interest and whistleblower, and IRS compliance. A "yes" in key governance questions indicates transparency and best practices.

Federal Form 990-T is filed to report Unrelated Business Taxable Income (UBTI) which is sourced primarily from activities not substantially related to the purposes that form the basis of the organization's tax-exempt status. Examples include space rentals to parties unrelated to the University, sale of Recreation day passes to community members, and bowling center receipts from community members. Student Union did not owe tax from its unrelated activities due to prior year net operating losses which offset unrelated business taxable income for the year.

Unrelated business income (UBI) totaled \$56,000 from three sources: the community bowling center (\$33,000), community room rentals (\$6,000), and the event center (\$17,000)

California Form 199 is the state equivalent of the Federal Form 990 and Form 109 is the state equivalent of the Federal Form 990-T. The California Attorney General's office requires filing of a 1 page annual registration report which requires a filing fee of \$400.

The Student Union is in good standing with IRS requirements. No major compliance red flags were identified. Financial statements align with reported revenue and expenses. Governance policies are strong, which is favorable for transparency and oversight.

Ms. Johnson addressed questions from the Committee which included the \$2.2 million net operating loss carryover, specifically inquiring about the time frame over which it was accumulated and how much would be deducted from it in future years. The discussion revealed that the losses accumulated from 2007 to 2018, with changes in IRS presentation rules starting in 2018. Losses from 2019 to 2023 were also addressed, with an

explanation of how the IRS changed the way losses and gains are reported, separating activities after 2017 so losses from one activity can't offset gains from another. It was confirmed that no losses had expired and were still available for use in future years.

The Finance Committee reviewed all five of the Student Union's tax filings and confirmed that no taxes are owed.

All required forms will be signed and filed before their May 15, 2025 due date. The organization remains in a strong financial position with no expected tax liabilities.

VI. DISCUSSION/ACTION ITEM

A. Approve Request to Purchase Tables, Chairs, and Umbrellas

- *This purchase is essential to accommodate the growing number of events and programs, particularly on the Paseo. Additionally, investing in our own furnishings will provide long-term cost savings to the University by eliminating the need to rent furniture from outside vendors. This will ensure greater efficiency and better resource management for future events. The Student Union will determine the 7 year cost replacement in addition to the labor costs to provide services to the University.*

Mr. Burgess and Mr. Garcia presented a proposal aimed at reducing costs related to renting tables, chairs, and umbrellas from an external vendor. The university currently spends a significant amount—around half a million dollars—on these rentals, particularly for events on the Pasao.

The idea, which came from the president's cabinet, is to purchase tables, chairs, and umbrellas, with estimated costs of \$56,000 for the tables and chairs and around \$17,000 for umbrellas. The goal is not to make a profit but to recover the costs through rental fees. It was emphasized that while the project is not intended to generate revenue, it would save the university significant amounts of money and provide job opportunities for students. The CFO is ready to approve the plan on behalf of the university. The idea was generally well-received as a beneficial partnership between the auxiliary and the university. This item will go to the February 27th board meeting for final approval.

Director Vishwakarma asked for a motion.

Director Tarachandani motioned to approve the request to Purchase Tables, Chairs, and Umbrellas; Director Vishwakarma seconded the motion.

Vote on the Motion:

4-0-0

Motion Passed

This item was added to the agenda during the approval of the agenda.

VII. DISCUSSION ITEM

A. Review Memo from President Teniente-Matson, Rescinding of Papazian Letter Dated 12.02.2021

Mr. Burgess spoke to the spirit of the memo and his satisfaction with recent progress made by the auxiliary team. This allows the organization greater control over student funds, which moves the organization towards a stronger partnership with the university,

the Chancellor's Office, the president, and various vice presidents, particularly those in administration, finance, and student affairs. He expressed pride in the work accomplished so far and acknowledged that campus leadership is focused on aligning student fees with student-related activities.

Director Fuentes-Martin explained that the Papazian letter was implemented December 2021. She discussed the audit report which was done during the spring semester, with the final report being completed in September 2024. In the recommendations, there were some action items that needed to be completed. It was noted that the majority of the required tasks had been completed, with only one pending item, which has now been submitted. The other item being requested by the university is related to the Operating Agreement. Director Fuentes-Martin explained the importance of the Operating Agreement and that it's the foundation for which we operate the Student Union. A draft of the agreement will be sent to the board members, with plans for further review by business, finance, and student affairs.

The committee also discussed the additional 11 items listed in the memo. These 11 issues will be reviewed in greater detail over the next six months and are related to operating procedures, financial decisions, facilities concerns, and operational procedures. The review will be done with Student Union management, Director Fuentes-Martin, the CFO and his representative, Director Pasag.

Director Pasag commented that some of the changes will improve transparency from the university and provide more information to the board so that it helps inform some of the decisions that are being made.

The meeting concluded with the acknowledgment that the audit report requirements had been met, and the remaining tasks, including the operating agreement, were progressing. The finalization of the operating agreement was targeted for March 11, 2025, though efforts were being made to complete it by the end of the month.

VIII. MEETING ADJOURNMENT

Director Vishwakarma asked for a motion to adjourn the meeting.

Director Tarachandani motioned to adjourn the meetings; Director Fuentes-Martin seconded the motion.

Vote on the Motion:

4-0-0

Motion Passed.

Meeting adjourned at 2:20 p.m