

SPECIAL AUDIT AND COMPLIANCE COMMITTEE
Zoom Video Conference
11:00 AM
October 31, 2023

Board Members Present

Blythe Scott, Chair (Waitzer Hall Board Room)
Robert Bianchi, RADM, USN (Ret.)
Betty Bibbins, MD
Daun S. Hester (Waitzer Hall Board Room)
W. Ashton Lewis, Sr.
Bruce Waldholtz, MD

Board Members Absent

Conrad M. Hall

Others Present

Alfred Abuhamad, MD (Waitzer Hall Board Room)
Tammy Chrisman
Vickie Dean
Justynne Friend, KPMG
Helen Heselius
Susan James (Waitzer Hal Board Room)
Trey Oglesby, KPMG

CALL TO ORDER

Ms. Blythe Scott, Chair, determined the presence of a quorum and called the Zoom Video Conference meeting to order at 11:00 am.

KPMG EXTERNAL AUDIT REPORTS

Mr. Trey Oglesby provided the EVMS audit results for the year ending June 30, 2023. He stated that all outstanding matters were received and that KPMG expects to issue an unmodified opinion over two sets of EVMS's consolidated financial statements as of and for the years ended June 30, 2023, and 2022, on October 31, 2023. There were no matters to communicate and no significant unusual transactions were identified.

Ms. Justynne Friend reported no significant accounting estimates and risks. One uncorrected audit misstatement in deferred revenues was identified. This would increase the change in net assets to \$4 million. Ms. Heselius remarked that the funds were unrestricted integration funds reported as revenue that crossed fiscal years. The one audit misstatement related to the adoption of ASC 842, leases, for the Medical Group component was corrected.

ACTION: Upon a motion made and seconded, the Audit and Compliance Committee unanimously accepted the auditor's report and approved the financials for issuance as presented.

FINANCIAL STATEMENT HIGHLIGHTS

Ms. Tammy Chrisman provided highlights of the fiscal year 2023 financial statements. Some of the major variances in the balance sheet included an increase in cash and operating investments of \$35.4 million, primarily due to an increase in operations of \$27.0 million and the Series 2021 Bond proceeds of \$10.8 million. Right of use operating lease assets increased \$6.6 million with a corresponding lease liability of \$6.6 million. Deferred income increased \$6.3 million mainly due to deferred revenues from an affiliation agreement and deferred tuition for the summer and fall terms. Long term debt increased \$6.7 million due to the receipt of \$10.8 million from the 2021 Bond net of principal payments. Department reserves increased \$18.7 million mainly in faculty development and net investment in plant (unrestricted and temporarily restricted) increased \$6.1 million.

Changes in the income statement included an increase of \$5.9 million for state appropriations and was primarily due to an additional \$2.5 million funding for one school of Public Health, \$1.6 million for base adequacy, and \$.8 million for capital projects from the Commonwealth of Virginia for FY2023. Other sources increased \$8.0 million mainly due to non-contractual payments from an affiliate in addition to EVMS Medical Group Managed Care Revenues. Interest in net assets of affiliate increased \$10.6 million.

There being no further business to come before the committee, Ms. Scott adjourned the meeting at 11:34 am.

Susan James

Recording Secretary