

Minutes from 01/17/2023

**Attendance**

John Morris (Chair)  
Christian Jansen  
Michael Taylor  
Rebecca Lloyd  
Dr. Victoria Mora  
Kimi Jackson  
Jaclyn Gomez

**Absent**

Dominic Garcia  
Preeti Khandewahl

Meeting started at 4:04pm.

**Audit Update** – John Morris informed the FC that UWC has activated its Audit & Risk Committee, which is mandated to take a deep dive into audit matters. Going forward, the FC will therefore be appraised but will not exert active oversight vis-à-vis the audit. Kimi gave an update on the FY21 audit. Audit is 70% completed and is estimated to be done in the next 2 ½ weeks which would take us to the first week of February 2023 which is right before the board meeting. John Morris, as treasurer, will meet with the auditors directly prior to signing off on the annual audit.

FY23 audit is set to start in March 2023

In the prior FC meeting the question of putting the Audit contract out to bid was raised. Length of tenure and quality of service were the active considerations. Michael Taylor inquired as to the status of this review. John Morris said we will leave this process to the Audit & Risk Committee.

Benefit Audit – Kimi briefed the FC on calendar year 2021 audit. The audit resulted in some findings and UWC has self-corrected as of the end of the year. John Morris asked about the magnitude of deficiencies and was informed that they were not material.

Budget to Actuals Update – John Morris explained the two reports that were going to be discussed:

- (1) Forecasting for remainder of FY23 – projecting a \$184K cash deficit, which is approximately a projected \$450 run-rate deficit.

Reasons for the projected deficit are: (i) the co-curricular budget was understated by \$140K due to an error in the FY23 budget and its omission on Project Week & Southwest Studies, and (ii) actual Food Service's inflation of around 11% YTD.

Rebecca Lloyd asked questions with regards to Summer Auxiliary Revenue, Davis Abroad Scholars and recurring elements of Capital Expense/Maintenance costs. Dr. Mora answered the questions with

regards to Davis Abroad Scholars and Capital Expense/Maintenance. Jaclyn Gomez answered the questions with regards to Auxiliary Revenue

## (2) FY23 Forecast vs FY24 Preliminary Budget

John Morris informed the FC that UWC has brought in a consultant to help with building structures for budget construction and modeling for forecasting future UWC budgets.

John proceeded to explain that UWC is currently projecting a \$1.3 million cash deficit for FY24, based on the preliminary budget, due to the following:

- Bringing current faculty up to current market rates based on current market studies
- IT – overhaul of equipment and IT infrastructure
- Food Service – Food inflation continues to be elevated. (John thinks we may see actual food cost increases of around 17%) This increase is NOT reflected in the preliminary FY24 budget)
- Advancement – John asked Dr. Mora to give a summary. Dr. Mora stated that we need to invest more in the campaign, possibility of a new website to work in parallel with the campaign plus a new development director

Christian Jansen asked if the 22% increase in Academics is due to raises. Jaclyn Gomez answered yes to the question.

Christian also asked how we will fund the future projected deficits. John answered, partially with cash reserves from previous years, as well as operating income, and/or timing of expenditures. Detailed projections will be made which will allow for Board discussions on various methods of deficit funding going forward. This will be framed by Kimi and John. At present, we are unaware of any existing formal protocols for funding persistent deficits.

**Endowment Update** – Christian Jansen gave an update of where the current endowment balance. Currently UWC's endowment value is at \$128 million. We expect the market to remain relatively flat over the near term, which will have funding implications in T3-T5 due to our smoothing formula. Next year's draw is estimated to be around \$6.9 million. The draw for T2 onwards may be less.

**Special Projects** – John Morris stated that we are going to put a hold on discussing major special projects until the next board meeting, which will give us time to complete our revised five-year budget model. The delay will also afford us time to glean more information on costing. Major special project areas include (1) the field, (2) castle renovation, (3) the transportation/work fleet.

**Insurance Update** – Kimi gave a quick summary of what the evacuation costs were, \$1.5 million and that UWC has receive a little over \$1 million in insurance claims. UWC is waiting on a claim to be reimbursed. Kimi will start to work with FEMA on recouping some other costs.

John asked for a motion to approve the preliminary budget to be presented to the board. Michael Taylor made the motion and it was seconded by Christian Jansen. The motion was passed with the proviso that the FY24 Budget was preliminary at this time and therefore subject to change.

John stated that, depending on the materiality of changes another meeting may be called and/or a vote via email will be sent out to inform the FC.

Meeting adjourned at 3:06pm