



**DRAFT** Minutes  
Remote Meeting  
AUDIT COMMITTEE

Research Corporation of the University of Hawai'i

Wednesday, October 30, 2024

Physical Location: East-West Center, Burns Hall 4<sup>th</sup> Floor, 4005/4009

1601 East-West Road, Honolulu, HI 96848

Recording: [https://youtu.be/IdJvAt-6\\_AM](https://youtu.be/IdJvAt-6_AM)

**PRESENT:** Taryn Salmon, Ernest Wilson, Wally Chin

RCUH Staff: Leonard Gouveia, Maile Brooks, Glenn Yee, Kaylee Hull

N&K CPAs: Alex Le, Christian Hara, Dwayne Takeno

**CALL TO ORDER**

The meeting was called to order by Director Salmon at 11:07 a.m. Ms. Hull indicated that no written or oral testimony was received.

**OVERVIEW OF AUDIT COMMITTEE RESPONSIBILITIES**

The Audit Committee was established to ensure that RCUH's financial, internal controls, and audit processes are in accordance with generally accepted auditing standards in the U.S. and are compliant with policies, statutes, and regulations.

**APPROVAL OF MINUTES OF THE MARCH 13, 2024 MEETING**

Upon motion made (Wilson), seconded (Chin), and duly carried, the minutes of the March 13, 2024 Audit Committee meeting were approved as circulated.

**N&K PRESENTATION OF THE AUDITED FINANCIAL STATEMENT FOR FISCAL YEAR ENDING  
6/30/2024**

Mr. Hara introduced the N&K team members who participated in the audit and explained that the auditors reviewed the basic financial statements of RCUH, which includes the statement of net position; statement of revenues, expenses, and changes in net position; the statement of cash flows; and the schedule of management fees.

He reviewed a condensed statement of net position for the past three fiscal years, highlighting the largest fluctuations from Fiscal Year 2023 to Fiscal Year 2024. Mr. Hara pointed out a \$4.1 million increase in current assets, which is mainly due to an increase in receivables from UH resulting from the transfer of Revolving accounts. The large fluctuation in current liabilities, includes account payables, which could be based on the timing of vendor payments.

For the Condensed Statements of Revenues, Expenses, and Changes in Net Position, Mr. Hara stated that the overall operating revenues and operating expenses did not really fluctuate significantly. The most notable change in operating expenses was an increase in Other expenses,

which totaled \$246,000. Mr. Yee clarified that the increase was due to the “headhunter” fees to recruit qualified employees. He also noted the large differential in interest income from 2022 to 2024 was due to the Federal Reserve’s increase in rates. He added that if you were to remove the interest income over the past two years, RCUH is essentially at a break-even operating position, which is the goal.

Moving along, Mr. Hara reviewed the cash flows, with the largest differential coming from net project expenditures and reimbursements, which was about \$13.2 million. This was due to the transfer of Revolving accounts and related cash balances from RCUH to UH. Mr. Yee noted that correspondingly, there was a significant decrease in investing activities due to winding down RCUH’s ladder TCD program in preparing for the transfer of Revolving funds.

In terms of the audit results, Mr. Takeno reported that N&K has an unmodified opinion on the financial statements. There were no material weaknesses identified or significant deficiencies. He stated that at the beginning of the audit, a letter was issued reflecting N&K’s responsibilities, the significant accounting policies used by management, and management judgments and accounting estimates. Mr. Takeno stated that there were no transactions entered into during the year for which there is a lack of authoritative guidance or consensus, and that they evaluated key factors and liabilities for accrued supplemental retirement benefits and other post-employment healthcare and life insurance benefits.

There were no disagreements with management and no difficulties encountered in performing the audit. There was one uncorrected misstatements, which management determined was not material to the financial statements and the auditors concurred with that assessment. Mr. Yee explained that this transaction was basically a reversal of an adjustment for a prior fiscal year. In conclusion, Mr. Takeno praised Ms. Brooks and Mr. Yee for their preparation of the financial statements.

#### **ACCEPTANCE OF AUDITED FINANCIAL STATEMENT FOR FISCAL YEAR ENDING 6/30/2024**

Upon motion made (Chin), seconded (Wilson), and duly carried, the audited financial statements for Fiscal Year ending 6/30/2024 was approved unanimously.

#### **ADJOURNMENT**

ED Gouveia thanked Ms. Brooks and the Finance staff for their work on this audit. The meeting adjourned at 11:23 a.m.

/s/

Kaylee Hull  
Executive Administrator

NOTE: Unless otherwise noted in minutes, all motions were passed unanimously.