

**SPECIAL AUDIT AND COMPLIANCE COMMITTEE  
ELECTRONIC MEETING VIA BLUEJEANS  
VIDEOCONFERENCING PLATFORM  
October 30, 2020  
8:00 A.M.**

*Due to the COVID-19 pandemic, the meeting was held by electronic communication means in accordance with Va. Code § 2.2-3708.2, Chapter 1283 of the 2020 Acts of the Virginia General Assembly, and Governor Northam's Executive Order 51 dated March 12, 2020.*

**BOARD MEMBERS- participating via Bluejeans**

Alan Wagner, MD, Chair  
Theresa Emory, MD  
Sharon Goodwyn  
Chester Hart, Jr.  
Marcus Martin, MD  
Bruce Waldholtz, MD

**BOARD MEMBERS ABSENT**

Adm. Robert Bianchi  
Sarah Bishop  
W. Ashton Lewis, Sr.

**OTHERS PRESENT- via Bluejeans**

Vickie Dean  
Camille Endres  
Helen Heselius  
Trey Oglesby  
Nicholas Strong

**OTHERS PRESENT- Burroughs Boardroom, EVMS**

Brant Cox  
Richard Homan, MD  
Heidi Smith

**CALL TO ORDER**

Dr. Alan Wagner, Chair, called the meeting to order at 8:03 A.M.

**KPMG EXTERNAL AUDIT REPORTS**

Mr. Trey Oglesby reviewed the audit of the EVMS consolidated financial statements for the year that ended June 30, 2020, as well as KPMG's audit process for providing audit quality. Mr. Oglesby noted that precautions were taken to mitigate any risks to KPMG and EVMS employees due to the COVID-19 pandemic.

Mr. Oglesby reported that the audit was substantially complete and KPMG is prepared to issue an unmodified opinion on the consolidated financial statements of EVMS, which is the highest level of assurance that can be provided.

EVMS records a beneficial interest in the assets of the EVMS Foundation, because the two organizations are financially interrelated. The EVMS Foundation is audited by another auditor, and the unmodified opinion will highlight that fact.

The significant accounting policies are disclosed within the notes of the consolidated financial statement. Accounting policies were found to be in accordance with GAAP and have been consistently applied.

As a result of the audit, there were no material audit differences- either corrected or uncorrected- that are required to be reported. There were also no control deficiencies that rose to a level that require reporting.

On behalf of KPMG, Mr. Oglesby confirmed their independence from EVMS.

Mr. Nick Strong discussed two identified significant accounting risks, including the EVMS Medical Group allowance for uncollectible patient accounts receivable and management override of controls. KPMG evaluated key factors and assumptions used to develop the allowances, including possible management bias, and determined that the estimates were reasonable in relation to the consolidated financial statements as a whole. KPMG did not identify any instances of management override of internal controls or fraudulent entries.

Mr. Strong summarized the two new accounting standards adopted by EVMS this year: ASU No. 2016-18, Statement of Cash Flows: Restricted Cash and ASU No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made.

Student Financial Assistance has been selected as the major program for testing under the Uniform Guidance Compliance Audit. This is expected to commence in November 2020.

Upon a motion made and seconded, the Audit and Compliance Committee unanimously accepted via roll call vote the auditor's report and approve the financials for issuance as presented. Wagner- yes; Emory- yes; Goodwyn- yes; Hart- yes; Martin- yes; Waldholtz- yes.

### **FINANCIAL STATEMENT HIGHLIGHTS**

Ms. Helen Heselius discussed highlights of the financial statements prepared by EVMS. She reviewed the major variances in the balance sheet and income statement from fiscal year 2020. Cash and cash equivalents increased \$17.6 million. Accounts receivable decreased, mostly due to timing of tuition and sponsored programs. We see this alter year to year based on when we do billings for those two components. Department reserves increased \$15.0 million. The large increase (\$33.3 million) in Net Investment in plant is due to state appropriations to fund the construction of Waitzer Hall. We will see that decline as that asset depreciates over the next 30 years.

The fiscal year 2020 operating bottom line of \$52.9 million includes \$22.4 million from unrestricted operations and an increase of \$30.5 million in temporarily restricted net assets. The total change in net assets was \$54.8 million, which is a great accomplishment in the COVID-19 environment.

Other sources of revenue increased \$2.8 million due to the timing of the EVMS Medical group Physicians Supplemental Payment Program (PSPP) managed care revenue and funding received by EVMS Medical group for the CARES Act Provider Relief Fund. Research expenses decreased \$4.4 million mostly due to decreased funds for CONRAD programs from USAID.

Dr. Wagner and Dr. Emory thanked Financial services and the Administration for their hard work during the pandemic.

There being no further business to discuss, the meeting adjourned at 8:34 A.M.

*Heidi G. Smith*

Heidi G. Smith  
Recording Secretary