

MINUTES
BOARD OF TRUSTEES
UNITARIAN UNIVERSALIST ASSOCIATION

November 17, 2011

Pursuant to notice duly given, a meeting of the Board of Trustees of the Unitarian Universalist Association was held by electronic communications on Thursday, November 17, 2011.

MEMBERS

PRESENT: Averett, Bartlett, Brody, Carlson, Courter, Friedman, Greene, Grubbs, Harrison, Jackoway, Kreicker, Laskowski, Loughrey, Manley, Morrill, Phinney, Pupke, Raible-Clark, Ritchie, Shanti, Stewart, and Morales

MEMBERS

ABSENT: Cullen, King, Lund, and Tino

ALSO

PRESENT: Brennan, Limpert, Montgomery, and observers

Gini Courter, Moderator, called the meeting to order at 7:30 pm on Thursday, November 17, 2011. Natalia Averett provided opening words. The agenda was approved.

EXECUTIVE SESSION

The Board voted to go into Executive Session and, when it returned to regular session, announced that they had met to discuss legal and real estate matters.

REPORT OF THE AUDIT COMMITTEE

Jim Key, Chair of the Audit Committee, reported on the most recent audit, expressed appreciation for the audit firm, and presented financial highlights. The Board thanked the finance staff and current and past members of the Audit Committee.

M (Greene), S, and

VOTED AND PASSED: To accept the audit report for fiscal year 2011.

Discussion was held concerning the charter for the Audit Committee and the recommendation of the Audit Committee that it be amended to increase emphasis on risk management.

M (Brody), S, and

VOTED AND PASSED: To approve the following amended charter for the Audit Committee:

AUDIT COMMITTEE CHARTER

PURPOSE

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws, regulations, and the code of ethics.

AUTHORITY

The Board of Trustees of the Unitarian Universalist Association established the Audit Committee at its April 26-27, 2003 meeting.

The 2006 General Assembly established the Audit Committee as a Committee of the Board of Trustees by adding Sections 7.14 and 10.13 to the UUA Bylaws.

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all audit and nonaudit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees — all of whom are directed to cooperate with the committee's requests — or external parties.
- Meet with the organization's officers, external auditors, or outside counsel as necessary.

COMPOSITION

The composition of the Audit Committee is set forth in Section 7.14 of the UUA Bylaws:

The Audit Committee shall consist of five members as follows:

- a. three persons appointed by the Board, none of whom are members of the Board or hold a salaried position with the Association;
- b. the Financial Advisor; and
- c. a member of the Finance Committee, who shall be appointed by the Board.

No member of the Audit Committee shall serve for more than four terms on the Audit Committee.

The chair of the committee shall be selected by the Board of Trustees. Except under unusual circumstances, the chair shall be chosen from among the three independent members.

Each independent audit committee member shall be financially literate. The committee shall designate at least one member as the "financial expert," as defined by applicable legislation, regulation, and best practices.

MEETINGS

The committee shall meet at least three times a year. The chair may convene additional meetings as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference or videoconference. The committee shall invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It shall hold private meetings with auditors (see below) and executive sessions. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes shall be prepared and published in a timely manner.

RESPONSIBILITIES

The duties of the Audit Committee are set forth in Article X, Section 10.13 of the UUA Bylaws:

The Audit Committee shall oversee the annual audit of the financial statements of the Association by an independent certified public accounting firm and monitor the establishment and implementation of accounting policies and internal controls. Specific duties of the Audit Committee shall be set forth in a charter adopted by the Board which may be amended by the Board from time to time.

The Audit Committee shall carry out the following responsibilities to accomplish its charge:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Resolve any disagreements between management and auditor regarding financial reporting.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted auditing standards.

Internal Control

- Consider the effectiveness of the Association's internal control system, including information technology security and control.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with management.
- Review any significant changes to the auditors' work plan as initially approved by the committee.
- Review the performance of the external auditors, and make recommendations to the Board of Trustees concerning the appointment, compensation, and discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Association, including non-audit services, and discussing the relationships with the auditors.
- Meet at least annually in executive session with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Review the auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the UUA.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Ensure that improprieties or potential improprieties in the UUA's operations are investigated and resolved.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain the advice of outside professionals (including but not limited to retention of special legal counsel) to advise the committee on matters within the scope of its charge.
- Seek any information it requires from external parties or Association employees, all of whom are directed to cooperate with the committee's requests.
- Designate a committee member to review the president's travel and expense reimbursement reports at least semi-annually.

Reporting

- Regularly report to the Board of Trustees about committee activities, issues, and recommendations.

- Carry out its responsibilities to report to the Board of Trustees the results of the annual financial statement audit, as required by Section 3.2.5 of the Board's Governance Policy Manual:

Upon completion of the audit, the Board will meet with the chair of the Audit Committee to receive a report that discusses the audit and the auditors' management letter. Prior to this meeting, the Audit Committee will provide the Board with a written report, for publication on the UUA website, containing the key findings of the audit, including any finding of a serious accounting or management weakness.

- Meet at least annually with the Executive Vice President, the Treasurer and Chief Financial Officer, and other staff as appropriate to discuss any issues arising from the committee's responsibilities, including management's evaluation of the work performed by the independent public accountants or other external advisors.
- Meet at least twice annually with the independent public accountants to discuss any issues arising from the committee's responsibilities. The committee may request the presence of members of management or others to attend meetings and provide pertinent information as necessary.
- Provide an open avenue of communication between the external auditors and the Board of Trustees.
- Report annually to the member congregations, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- Review any other reports the Association issues that relate to committee responsibilities.
- Recommend to the Board of Trustees changes in governance, risk management, and compliance processes, structures, policies, or procedures that would minimize risk to the Association.

Other Responsibilities

- Perform other activities related to this charter as requested by the board of trustees.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the audit committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the audit committee's and individual members' performance on a regular basis.
- Recommend to the Board of Trustees the following policies for all staff and volunteers, recommend changes as needed, and ensure the UUA's adoption of and compliance with the policies:
 - A Conflict of Interest Policy
 - A Code of Ethical Conduct
 - A Whistleblower Policy

- Assist the Trustees of the UUA Employee Benefits Trust (EBT) in the following ways:
 - Recommend the selection of an auditing firm
 - Review the EBT audit and make comments and recommendations to the UUA Board of Trustees and to the EBT Trustees
 - Respond to requests from the EBT Trustees or the EBT Trust Committee for assistance on financial, operational, or other issues

REPORT ON THE PANEL ON THEOLOGICAL EDUCATION

Linda Laskowski reviewed recent discussions with the Panel on Theological Education, saying that a recommendation about future authority for the Panel would be coming to the Board at the time of its January meeting.

DISCUSSION OF THE MODERATOR NOMINATING PROCESS

Tom Loughrey reported on the process, saying that the Board's Coordinating Committee would be discussing this and that a process needed to be in place by December 16.

REPORT OF THE LINKAGE WORKING GROUP

Linda Laskowski presented a proposal from Unity Consulting for linkage work with the Board.

M (Laskowski), S, and

VOTED AND PASSED: To approve the following contract with Unity Consulting:

CONTRACT FOR CONSULTING SERVICES

- 1. Introduction.** Agreement dated November 15, 2011 by and between Unity Consulting, and the Unitarian Universalist Association, 25 Beacon Street, Boston, MA, 02108 (hereafter referred to as the UUA or Client).
- 2. Consultant(s).** Unity Consulting will provide the services of experienced Consultants to furnish the specific consulting services described in Section 3. It is understood that the Client has communicated directly with the Consultants to set the specific Services (Section 3), Meeting Platforms and Supplies (Section 4), Term of Agreement (Section 5), and Compensation (Section 6).
- 3. Description of Services.** During the term of this Agreement, the Consultants will furnish consulting services and advice as requested by the Linkage Working Group (LWG) of the Unitarian Universalist Association Board of Trustees. Specifically, the LWG wishes to develop a linkage process for its non-congregational sources of accountability and authority

as described in the Addendum to this contract.

The Consultants will coordinate with the LWG to address the project goals and execute the proposed process described in the Contract Addendum.

4. **Meeting Platforms and Supplies.** The UUA will provide a suitable platform or platforms to facilitate the project's virtual conversations. For any face-to-face meetings, the UUA will provide, as needed and upon request, flipcharts, projector, screen, and/or copies of materials.
5. **Term of Agreement.** These services will be delivered on the approximate dates specified in the Contract Addendum. The Consultants will be available to the UUA Board for planning and related debriefing and advice during the Term of Agreement from November 15, 2011 through October 1, 2013.
6. **Compensation and Billing.** In consideration for these services the Client agrees to pay a total consulting fee of \$7,000 for the services provided by the Consultants under this Agreement. Unity Consulting will bill the Client \$1,750 after each of the following steps in the Contract Addendum are completed:
 - Step 2 (Compose shared narrative)
 - Step 4 (Present project status and operational interpretations of non-congregational Sources to Board of Trustees)
 - Step 6 (Test the practice)
 - Step 7 (Socialize the practice)

Fees and related expenses will be payable within fifteen (15) days of receipt of the bill.

In addition, should Client wish to conduct any of the services described in the Contract Addendum in person rather than virtually, Unity Consulting will charge for all travel and work time involved at a rate of an additional \$500 per day or fraction thereof per consultant.

7. **Reimbursement of Travel and Direct Expenses.** In addition to the consulting fee, the Client agrees to reimburse the Consultant's travel, meals and lodging expenses for normal travel to and from the consulting site, and other direct expenses such as copying or other materials used in connection with the services described in this Agreement. Reimbursement for travel and direct expenses shall be made on the basis of itemized statements submitted by Unity Consulting on behalf of the Consultants and including, wherever possible, actual receipts or other reasonable evidence of expenditure.
8. **Independent Contractor Status and Taxes.** Unity Consulting shall perform this Agreement in an independent capacity and not as an agent of the UUA. Unity Consulting and the Consultants shall retain the right to perform services for others during the term of this Agreement. Unity Consulting and the Consultants are independently responsible for the payment of all applicable taxes and shall indemnify and hold harmless the UUA from liability for same.
9. **Termination of Agreement by Notice.** Either party may terminate this Agreement upon 30

day's notice by registered or certified mail addressed to the other party. If either party terminates this Agreement, the UUA shall be liable only for payment of consulting fees and expenses earned by the Unity Consulting as a result of work actually performed prior to the effective date of the termination. The 30 days' notice shall be measured from the day the notice is mailed.

Laura Park, Managing Director, Unity Consulting; date

[name and title of authorized agent, the Unitarian Universalist Association; date]

REPORT ON THE DISTRICT PRESIDENTS' ASSOCIATION

Ted Fetter, President of the District Presidents' Association (DPA), and Linda Laskowski, reported on the recent meeting of the DPA, saying that it had gone very well and had been an excellent opportunity for linkage work.

DISCUSSION OF THE JANUARY BOARD MEETING

Donna Harrison reported on plans for the January meeting, saying that there would be opportunities for volunteer service in New Orleans beginning the evening of Sunday, January 15 and that the Board would convene at the Hilton New Orleans Riverside Hotel beginning the evening of Wednesday, January 18.

CLOSING

The meeting was adjourned at 9:25 pm on Thursday, November 17, 2011.

Respectfully submitted,

/s/ Kathleen Montgomery
Recording Secretary