

**UUA Audit Committee**  
**Monday, May 7, 2012**  
**Rice Room**  
**Picket and Eliot House**

**MINUTES – DRAFT**

Members present: Dan Brody (UUA Financial Advisor), David Friedman (Board Liaison), Carol Gable, Jim Key (Chair), Sean Rush

Staff present: Tim Brennan, Rachel Daugherty, Karen Wheeler

Mayer Hoffman McCann/CBIZ-Tofias: Merrill Puopolo, Carrie Demakis

**1. Minutes**

**Motion:** to approve minutes of the November 2011 meeting: Brody moves, approved.

**2. Plan for FY12 Audit – Puopolo, Demakis**

- Merrill Puopolo and Carrie Demakis described the audit plan and approach for the fiscal year ending June 30, 2012.
- New pronouncements impacting this year:
  - Presentation of gross gains and losses in the level three roll-forward footnote disclosure
  - AICPA white paper regarding the measurement of fair value for certain transactions of not-for-profit entities:
    - fair value of pledges receivable and discounting methods
    - beneficial interests in perpetual trusts – further assessment of fair value
    - split-interest agreements
    - the key will be documenting the approach and conclusions
    - recommend that staff read the white paper
  - Changes to disclosures about an employer’s participation in a multi-employer plan which provides for more transparency as to the Plan’s condition.
- Key notes that the committee and staff have developed a good relationship with Tofias. Wheeler and Brennan are very happy with the team.
- The Committee goes into executive session with the outside auditors without staff present.

**3. CFO Update – Brennan, Wheeler**

- Brennan and Wheeler presented and reviewed management’s responses to recommendations presented by Tofias at the November 2011 audit committee meeting. Most items have already been addressed, and the remainder is in the process of being addressed.
- Current financial reports – Brennan distributed a chart showing the financial reports produced, their frequency, and to whom they are distributed. This is in response to the Board’s policy 2.8.8 that says in part “[The President shall not]

Fail to provide timely and transparent financial reporting at an appropriate level for the audience.”

- Treasurer’s Report to the Board – Brennan reviewed his April report to the Board which is presented as a dashboard of key financial indicators. Key notes that the dashboard approach is very useful and a possible direction for some, if not all, of the monitoring reports.
  - Action Item 1: Brennan will circulate future quarterly board reports to the audit committee.

#### 4. Chair’s report – Key

- Key reviewed the committee expenses to date and reminded the committee to be sensitive to expenses. The UUA reimburses all reasonable out-of-pocket expenses of volunteer committee members.
- AR/AO/MC training
  - Key raised the issue of this committee’s responsibility with regard to Anti-Racism/Anti-Oppression/Multiculturalism (ARAOMC) training. Friedman notes that it is the intention of the UUA that all leadership has had proper ARAOMC training.
  - Action Item 2: Key recommends adding process observation to committee meetings.
- Human Resources risk – The committee discussed perceived and known HR risks as the UUA moves to regionalization particularly with regard to district-hired staff. The UUA will need to address salary disparities among districts and with the UUA headquarters staff.
  - Action Item 3: Rob Molla, HR Director, and Teresa Cooley, Director of Congregational Life, will be invited to the next in-person meeting to discuss the above questions.
  - Action Item 4: Brennan will find and distribute reports from COSO and Grant Thornton on risk assessment
- Monitoring Reports: risk-based reporting frequency. The committee will recommend to the Board of Trustees a schedule for monitoring reports that balances relative risk with the appropriate level of staff attention.
  - Brennan will send the Committee the Board policy manual and the most recent batch of monitoring reports
  - All of the policies that are addressed in the reports from the auditors could be combined into one policy.
  - In the future, the monitoring of some policies could be delegated to committees.
  - Action Item 5: Brennan will circulate the policy manual and latest batch of monitoring reports. A committee call will be scheduled to discuss a proposed risk-based monitoring schedule to recommend to the Board.

#### 5. Other Items

- Legal Structure for the UUCEF
  - Brody reports that the Board has approved an operating agreement and by-laws for a new LLC to contain the Common Endowment Fund.

- It will be necessary to amend governance policies and bylaws to reflect the new structure.
- Oversight of the various split interest agreements, in particular the charitable gift annuities, was discussed. No change was recommended except that a committee member will attend future meetings with the SSgA Charitable Asset Management group that manages these assets.
- Action Item 6: Rush will take over from Brody the responsibility for periodically reviewing the President's and Moderator's expense reports starting in July. Wheeler will send him the expense reimbursement policies.

**5. Other business, future meeting dates**

- Phone meeting on monitoring reports on June 11, 3:00pm
- October 29<sup>th</sup> 2012 (in-person meeting)
- Report to the Board on November 15<sup>th</sup> – teleconference