

Audit Committee's Report to the Board of Trustees

November 19, 2015



Agenda

- Committee charter and membership
- Audit results
- Financial highlights
- Enterprise Risk Management

Audit Committee Charter

- **Purpose** – “to assist the Board in fulfilling its oversight responsibilities...”
- **Authority** – Established by the Board in 2003 and added to bylaws in 2006. Empowered to:
 - Appoint the accounting firm
 - Resolve disagreements
 - Pre-approve all audit services
 - Retain counsel, accountants, and others in the conduct of an investigation
 - Seek any information it requires from employees or external parties
 - Meet with officers, auditors, or counsel

Audit Committee Charter

- **Meetings** – At least three times per year
- **Responsibilities** –
 - Financial Statements
 - Internal Control
 - External Audit
 - Compliance
 - Reporting
 - Enterprise risk management
 - Other Responsibilities

Audit Committee Members

- **Composition –**
 - **Independent and financially literate**
 - Sean Rush, Chair – former CEO, JA Worldwide
 - Chris Chepel – KPMG
 - James (Jim) Wu – CPA, retired from Treasury Dept.
 - **Financial Advisor**
 - Larry Ladd, Grant Thornton
 - **Trustee Liaison**
 - eliminated

Audit Results

- Auditors: Mayer, Hoffman, McCann P.C.
 - CBIZ Tofias, New England Division
- Considered an “Unqualified” or “Clean” opinion
- Praise for handling of very complex real estate transactions
- Positive evaluation of senior management in executive session

Financial Highlights

Independent Auditors Report

November, 2015

Auditors' opinion

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Unitarian Universalist Association as of June 30, 2015 and 2014.”

-- Meyer, Hoffman, McCann

Financial Position (page 3)

(in thousands)

Total assets	\$299,906
Total liabilities	\$123,406
Net assets	\$176,500
Total liabilities and net assets	\$299,906

Changes from FY 2014 to FY 2015

- Investments decreased by approximately \$25M or 24%
- Property and equipment, net increased by approximately \$23.9M
- Pledges receivable, net decreased by approximately \$2M
- Funds held in trust by others decreased by approximately \$2.2M or 5%
- Net assets increased by \$2.4M

Balance sheet highlights

(in \$000s)

	FY 2013	FY 2015	Change
Total Net Assets	132,264	176,500	+ 44,236
Unrestricted net assets	17,119	59,080	+ 41,961

Change in Net Assets (page 4)

(thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted
From Operations	\$212	\$785	\$159
From Non Operations	\$8,315	(\$6,661)	(\$405)
Change in Net Assets	\$8,527	(\$5,876)	(\$246)
Net Assets End of Year	\$59,080	\$59,238	\$58,182

Cash Flow (page 5)

(thousands)

Cash Flows	2014
Net cash provided by operating activities	(\$4,464)
Net cash provided by investing activities	\$9,148
Net cash provided by financing activities	(\$617)
Change in cash and cash equivalents	\$3,867

Enterprise Risk Management

- Major focus of Audit Committee's work
- Committee working in concert with management
- Key issues examined:
 - Data security and compliance
 - Health Plan and Affordable Care Act
 - Beacon Press
 - Ministerial misconduct