

Audit Committee's Report to the Board of Trustees



UNITARIAN
UNIVERSALIST
ASSOCIATION OF
CONGREGATIONS

November 9 , 2009

Overview



UNITARIAN
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ASSOCIATION OF
CONGREGATIONS

- Members:
 - Three Independent
 - o Chris Reece – Chair
 - o Carol Gable
 - o **Jim Key** (new member)
 - Financial Advisor
 - o Dan Brody
 - Trustee
 - o David Friedman
- Three meetings in 2009
- Board of Trustees voted to meet with the Audit Committee in Executive Session in November
 - Addressing issue of enhanced governance and reporting raised by KPMG
 - *...AC to prepare a report that discusses the Association's annual financial audit and the auditors' management letter...*

Purpose

(AC Charter)



- Select External Audit Firm
- Oversee the Annual Audit
 - Review the Financial Statements
 - Any Significant Issues that Arise
- Monitor the Review, Establishment, And Implementation Of Accounting Policies And Internal Controls
- Recommending to the Board of Trustees a Conflict of Interest Policy
- Amended: Assisting the Trustees of the UUA Employee Benefits Trust (EBT) by Overseeing the Annual Audit:
 - Recommending an auditing firm
 - Receiving and reviewing the EBT audit
 - Responding to requests from the EBT Trustees or the EBT Trust Committee for advice or other assistance on financial, operational, or other issues

FY 2009

Notable Activities



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- Selected new firm to perform 2009 audit of EBT, Caturano & Co.
- Revised Financial Statement format was implemented last year to enhance transparency and understanding
 - Consolidated Expenses into 3 lines
 - Factors driving results – Segregated Operating from Non-Operating
 - o Operating – Balanced budget
 - o Non-Operating – Significant endowment losses
 - Tracking Financial Services Progress on Implementing Strategic Initiatives
- RFP to solicit bids for FY 2010 Audit
 - Sent November 4, 2009 to select firms
 - Excludes language to expand scope to include “monitoring” activities by audit firm

Financial Statements



Statements of Unrestricted Revenue & Expenses (p 3)

	<u>2008</u>	<u>2009</u>
Change in unrestricted net assets from operations	<u>472</u>	<u>(5)</u>
Change in unrestricted net assets	<u>(2,288)</u>	<u>(7,379)</u>

Financial Statements



Statements of Changes in Net Assets (p 4)

	<u>2008</u>	<u>2009</u>
(Decrease)Increase in unrestricted net assets	<u>(2,288)</u>	<u>(7,379)</u>
(Decrease)Increase in temporarily restricted net assets	<u>(11,255)</u>	<u>(20,589)</u>
(Decrease)Increase in permanently restricted net assets	<u>(1,159)</u>	<u>(1,223)</u>
(Decrease)Increase in net assets	<u>(14,702)</u>	<u>(29,191)</u>

FY 2009

FINANCIAL STATEMENT AUDIT



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- Clean Opinion – “...present fairly, in all material respects, the financial position of the Association...”
- Management Comment Letter
 - No internal control deficiencies or material weaknesses

Looking Ahead



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- Revisiting Conflict of Interest Policy – Recommending Enhanced Language
- Continue Monitoring Progress of 2008 and 2009 Audit for Health Plan (EBT) (*Dec 2009*)
- RFP for 2010 Audit and Recommending Selected Firm (*Feb 2010*)
- Continue Monitoring Financial Services Strategic Initiatives