Audit Committee’s Report
to the Board of Trustees

November 9, 2009
Overview

- **Members:**
  - Three Independent
    - Chris Reece – Chair
    - Carol Gable
    - *Jim Key* (new member)
  - Financial Advisor
    - Dan Brody
  - Trustee
    - 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

• 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)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in unrestricted net assets from operations</td>
<td>472</td>
<td>(5)</td>
</tr>
<tr>
<td>Change in unrestricted net assets</td>
<td>(2,288)</td>
<td>(7,379)</td>
</tr>
</tbody>
</table>
## Financial Statements

### Statements of Changes in Net Assets (p 4)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease)Increase in unrestricted net assets</td>
<td>(2,288)</td>
<td>(7,379)</td>
</tr>
<tr>
<td>(Decrease)Increase in temporarily restricted net assets</td>
<td>(11,255)</td>
<td>(20,589)</td>
</tr>
<tr>
<td>(Decrease)Increase in permanently restricted net assets</td>
<td>(1,159)</td>
<td>(1,223)</td>
</tr>
<tr>
<td>(Decrease)Increase in net assets</td>
<td>(14,702)</td>
<td>(29,191)</td>
</tr>
</tbody>
</table>
FY 2009
FINANCIAL STATEMENT AUDIT

• 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

• 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