



Audit/Finance Committee Report
Prepared by: Ray Henning, Chair
Date Submitted: November 26, 2018

Meetings:

Date: September 18, 2018

Participants: Ray Henning, Treasurer; Terry McGonegle; Tom Wolf; J. Eric Smith

Topics and actions: Reviewed the July 2018 CCT statement and August 2018 financial statements. Partnerships down due to accelerated partnership payments received in late 2017 for 2018; hope to recover by 4Q with 2019 partnerships coming in. We had about \$80,000 in funds raised via the Tour that were restricted to endowment pools and so moved to that account. Special Event Expenses are significantly down from prior years, close to budget. In September Wright Tree paid off their 10-year commitment early to complete the endowment of the Wright Fund. We will be offering a UAA sponsored grant in first quarter 2019 with UAR-C Funds that have been held for several years in temporary restriction. UAA will work with ECI to have a proposal ready for the December Trustee Meeting. The White Fund should be completed by year end or early 2019. Cash flow looks solid for the remainder of the year.

A draft of the 2019 budget will be sent to the Audit and Finance Committee by November 1. It will be reviewed at the November 20 Audit and Finance Committee meeting and a supplemental meeting will be scheduled November 29 for final budget review. Also working to evaluate and document a cash reserve policy as part of 2019 budget review which can be used as a benchmark for a five-year plan. Izabela Poludniak from Sassetti will be invited to join the October Audit and Finance Committee meeting to advise on how to prepare for IRS rule changes.

Date: October 16, 2018

Participants: Ray Henning, Treasurer; Jacques Brunswick; Terry McGonegle; John Signorini; Tom Wolf; J. Eric Smith; Izabela Poludniak (Sassetti LLC)

Topics and actions: Reviewed the August 2018 CCT statement and September 2018 financial statements. Draw down of former unrestricted funds from CCT has been completed; transfers

will start to be made quarterly. Growth Pool statement from CCT will be provided prior to November meetings for committee review.

Izabela Poludniak from Sasseti LLC, reviewed the IRS regulation changes for 2019 pertaining to restricted funds and liquidity requirements. New requirements will define net assets as either “with donor restriction” or “without donor restriction.” Legal requirements still require differentiation of temporarily restricted and permanently restricted funds. Restrictions must be designated in footnotes. Expenses must be presented based both on the function and nature of the expense, specifically. Definition of what is a management and general expense versus program expense has been strengthened. Organization must disclose its cost allocation methodology, including which costs are allocated. New liquidity reports must provide quantitative disclosure of what financial assets the Organization has as of its balance sheet date, available to use for general operating purposes for one year from the balance sheet date, and qualitative description of how it generally manages its liquidity.

Date: November 20, 2018

Participants: Ray Henning, Treasurer; Jacques Brunswick; Rick Joyce; Terry McGonegle; Tom Wolf; J. Eric Smith

Topics and actions: The meeting was called to order and went into Executive session to review the proposed 2019 budget. The entire meeting was devoted to the review and discussion of the budget. The monthly finance reports will be reviewed at the November 29 meeting along with the final budget approval.

- **Objectives for the next 3 months:** Maintain the financial integrity of the TREE Fund by monitoring the monthly financial statements and implementation of the following Strategic plan items: Evaluate and document a cash reserve policy as part of 2019 budget review; Review CEO proposed budget for 2019 with goal of positive net unrestricted income; Evaluate CCT Growth Pool results; Prepare a high-level five-year financial plan built on 2019 budget, incorporating Endowment Building Plan and any proposed changes to Tour or other events; Complete audit engagement process; Submit budget to Trustees for final approval.

Next Meeting Date: November 29, 2018