AUDIT COMMITTEE MINUTES

Wednesday, September 11, 2013
Salazar Conference Room A
1:00 p.m. – 3:00 p.m.

Members: Randy Pennington (Chair), Herm Benedetti, Anita Christmas, Wally Lowry

Committee Staff: Larry Schlereth, Ian Hannah, Katie Robinson, Amanda Visser, Erik Greeny

Absent: Letitia Coate, Sam Brown

Guests: Ron Mitchell, Andy Maffia, Bobby LaCour-AKT LLP (tele.)

I. OPENING COMMENTS

Pennington opened the meeting at 1:05 p.m. He asked the committee members if they wanted to make any comments before AKT came on the line. There were no additional comments.

II. APPROVAL OF THE MINUTES – May 9, 2012

Minutes approved unanimously.

III. 2012/2013 AUDIT REPORT- AKT (By phone)

Members of the AKT team presented a report summarizing the results of the completion of the audit; they offered the following overall conclusions:
- Audit scope was in accordance with the engagement letter
- Rendered an unmodified opinion with no audit adjustments or deficiencies
- No conditions identified as material weaknesses in internal controls
- Received full cooperation of management and staff
Maffia clarified that the change from “unqualified” to “unmodified” is an industry-wide standards change and does not represent a change in the opinion from last year’s financial statements.

Maffia discussed the SAS 114 letter, including two significant accounting estimates used in the financial statements related to management’s estimates for uncollectible pledges and management’s estimates for CRT liabilities. AKT provided no recommendations for changes.

A trend and ratio analysis was provided to see the change in assets and liabilities over the last four years, including the trends and changes of revenues and expenses. Investment return over the years compared to various indices was also provided. Committee members provided some minor feedback, such as a changing the title to bring it into compliance with the new industry standards. It was also suggested investment return be compared to bond markets as well.

The committee then went through each page of the draft financial statements. AKT explained that they had undergone a considerable format change, most notably the captions which make it easier for the reader to understand management’s decisions. AKT and Foundation Staff together explained the reasons behind some of the more major changes within the financial statements.

The staff stepped out so that the committee may speak to the auditors without the staff present.

**Motion:** Forward the proposed Audit Report and Audited Financial Statements to the full Board for their approval, as amended.

**Action:** Unanimously approved.

IV. OPEN ITEMS

Visser reminded the committee that this is AKT’s third and final year and SSUAF will soon begin the RFP process to evaluate firms to conduct next year’s audit.

Meeting adjourned around 2:15 p.m.

Minutes approved by: Letitia Coate
Chief Financial Officer, SSUAF

Minutes prepared by: Katie Robinson
Staff, SSUAF