

## AUDIT COMMITTEE REPORT (2012 SPUNG NABC, MEMPHIS)

### 2011 AUDIT

The first item of information for the Board is that the final 2011 Audit will be mailed to the Board by the end of March. The Board is encouraged to review the audit and any questions that the Board may have can be submitted to the auditors prior to our Summer meeting. At the summer meeting the auditors will be available electronically to meet with the Board to answer said questions.

The Audit Committee met with our outside auditors, to review the 2011 audit. Our process was to review the Statement of Financial Position, the Statements of Activities, Functional Expenses December 31, 2011 and 2010, and Statements of Cash Flows. The Committee also reviewed the Notes to Financial Statements.

Overall the ACBL received a “clean opinion” which is the best rating we can receive. Simply put, in the opinion of the auditors “the financial position of the ACBL as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, are in conformity with accounting principles generally accepted in the Unites States of America”.

The audit shows that there has been an increase of our Total Assets from \$13,222,000 in 2010 to \$13,853,000 for 2011. Net assets increased from \$4,421,000 to \$5,070,000.

The Audit Committee also reviewed the Management Letter. The Management letter recognized a deficiency in the Payroll Department by a lack of segregation of duties. It was reported that Management was advised of this deficiency and that as of February 2012, changes were made to correct this problem. The Management Letter also acknowledged that the auditors received frill and complete cooperation from Management in the conducting of the audit.

It was further discussed as to the process the outside auditors use to check if items identified in prior Management Letters have been implemented. The discussion focused on establishment of a credit card Audit Committee Report 2012 Spring NABC, Memphis policy. Management advised that a review of the credit card policy is being reviewed in accordance with the recommendations of our outside auditors.

### Signature Guaranties

The Audit Committee is charged with reviewing on a yearly basis the signature guaranties on all accounts. The Chair did review these signatures and all accounts reviewed have been updated and are correct.

### Further Business

As a regular process, the Audit Committee also met individually with Dee Wallace, Robert Hartman, Peter Rank, and Sharon Anderson to inquire if there were any matters of “whistler blower, corporate compliance, or other matters they wanted to present to the

Committee. It was noted that the employee Handbook has been revised and will be released during the first quarter of this year. The Charter of the Audit Committee prevents any further disclosures of these meetings.

The Committee also met with Patricia Glover, Internal Audit. The Committee received and discussed her findings of the internal audits performed to date for the 2012 year. The Committee also discussed the status of contract reviews. It was reported that a process has been established for approval of said contracts and that certain parties have been designated as approved signatories on said contracts.

Respectfully submitted,

Rand Pinsky, Chair  
A. Beth Reid  
Claire Jones