

LEISURE WORLD COMMUNITY CORPORATION
AUDIT ADVISORY COMMITTEE

Regular Meeting
May 7, 2010
Sullivan Room

MEMBERS PRESENT: Morris Krowitz, M23, Chair; Robert Bordley, M20A, Vice Chair; Nancy Kupperian, MM; Joyce Brown, M6C; Antonio Marotta, M13; Francis Teti, M15; Muriel Breger, M17B; Nita Farrell, M19A; John Doherty, M19B; and Frederick A. Brahin, M27.

MEMBERS ABSENT: Jay J. Kim, M5; Mark Levine, M21; Marvin Franklin, M24; and Robert Moreland, M26.

VISITORS: Jay Harding, M17B and Charles McElvaney, M24.

LWMC: Jennifer Peacock, Comptroller; and Nancy Gordon, Trust Assistant.

1. Call to Order – The Chair called the meeting to order at 2:00 p.m.
2. Approval of Agenda – The agenda was approved as amended:
Add 5 a. - Correspondence
Add 6 c. - Board Action on Code of Ethics and Conflict of Interest Statements
3. Approval of Minutes - The minutes of the March 5, 2010, meeting were approved as written.
4. General Managers Report – Ms. Peacock presented the May 2010 General Manager's Report and responded to all questions and comments.

As a follow-up to a question asked at the last Audit meeting about vehicle gasoline inventory on the DeLeon & Stang audit, Ms. Peacock stated that gasoline is not inventoried; it is treated as a period expense.

5. Comments of Chairman/Council - Correspondence
 - a. Engagement of Auditor - The Chair received an email from Mr. Brahin regarding (1) the Trust's RFP for the engagement of an auditor for the contract period 2012 to 2015; and (2) a Mutual's engagement of an auditor. Mr. Krowitz responded to Mr. Brahin that each Mutual can select its own auditor whether or not it is the one engaged by the Trust. Mr. Krowitz said there are only about three or four firms in this area who

specialize in condo associations or coops. Mr. Krowitz will supply those auditors' names to Mr. Brahin and to any other committee member if they so wish.

- b. Overspending by Trust - Correspondence between Mr. Harding and Mrs. Altman regarding overspending by the Trust was provided to the committee. Mr. Krowitz said that because Mr. Harding's letter speaks in generalities it is difficult to act on his complaints.
6. Old Business
- a. DeLeon & Stang Audit Report - The members present were provided with the DeLeon & Stang (1) letter to the Audit Committee dated February 25, 2010, (2) Report on Control Deficiencies and Management Letter December 31, 2009, and (3) Independent Auditor's Report, Financial Statements and Supplementary Information, December 31, 2009, and 2008. The committee was asked to review the documents and bring any comments or questions to the next meeting.
 - b. Committee Review of Major Contracts - Mr. Krowitz believes this committee should make a recommendation to the Executive Committee regarding advisory committees' involvement with major contracts. A lengthy discussion followed. Mr. Bordley provided a document entitled LWCC Budget and Finance Advisory Committee Contracts Identified in the 2010 - 5 Year Plan dated March 25. Mr. Bordley responded to all questions and comments. The Chair asked the Committee to draft recommendations regarding committee contract involvement and email them to him before the next meeting.
 - c. Approval of Code of Ethics and Conflict of Interests

At its meeting April 27 The Board of Directors approved the following documents:

- Code of Ethics for Members of the Board of Directors of LWCC and Leisure World Advisory Committees; and the
- Conflicts of Interest for Members of the Board of Directors of LWCC, Advisory Committee Chairs, and Management Level LWMC employees charged with governance of the organization (General Manager, Deputy General Manager, Assistant General Manager, Department Heads of E&R, PPD, Medical Center, Property Managers and Cooperative Manager).

A Conflict of Interest Statement for the LWMC Employees Handbook has not yet been sent to the Executive Committee for approval.

7. New Business – There was no new business.
8. Agenda Items for Consideration at Next Meeting –
 - Recommendation to the Board regarding advisory committee contract involvement.
 - Committee comments about the DeLeon & Stang audit.
9. Open Forum – Mr. Harding spoke about overspending by LWMC.
10. Next Meeting – The date of the next meeting is scheduled for July 2, 2010.
11. Adjournment – There being no further business, the meeting adjourned at 3:30 p.m.

Morris Krowitz, Chair