



**UDA Board Meeting – May 18, 2009**

The Utah Defense Alliance Board met on Monday, May 18, 2009, 7:30 a.m. at the Weber Basin Water District Headquarters, Layton, Utah. The meeting was called to order by President Peter Jenks. On roll call, the following were found to be present and excused:

**Present**

Peter Jenks  
Rick Mayfield  
Ken Warnick  
Mike Bouwhuis  
John Matthews  
Vickie McCall  
Don Wood  
Ken Warnick  
Collette Mercier  
Colleen Johnson  
Scott Waterfall  
Kent Sulser  
Steve Rush  
John Clay

Louenda Downs  
Ivan Flint  
Tage Flint

**Excused**

Gary Harter  
Ron Kusina  
Mart Bushnell  
Pat Condon  
Ann Millner  
David Nydam  
Steve Curtis  
Lisa Roskelley  
Jerry Stevenson  
Sheldon Killpack

Brad Dee  
Jan Zogmaister  
Wilf Sommerkorn  
Lane Beattie  
Steve Petersen  
Charlie Precourt

**Others/Staff**

Joan Hellstrom  
Sandy Kester  
Ron Richins  
Paul Morris  
John Peterson  
Steven Crane

With great sadness and with an expression of sympathy, it was announced that Deb Tanzi had passed away. Deb will be greatly missed by the Board and the community. Her funeral will be held on Thursday, May 21, 2009, at the Lindquist Mortuary in Layton. A viewing will be held from 10:00 a.m. to 11:00 a.m. She will be buried at a later date in the Arlington National Cemetery.

**Approval of Minutes**

Vickie McCall made a motion that the UDA Board minutes of March 16, 2009, be approved. President Mike Bouwhuis seconded the motion followed by a unanimous vote to accept the minutes as presented.

**Updates & Reports**

**- Air Force Week**

Since the auditor was running additional copies of the Audit Report, the agenda was changed to discuss Air Force Week before the audit report.

The first event kicking off Air Force Week will be the Mormon Tabernacle Choir and USAF Reserve Band Broadcast which will be held on Sunday, May 24, 2009. On Memorial Day,

there are two other events scheduled. If Board members have not been receiving invitations to the events, they need to let Peter know.

Since there are so many events, Board members were asked to show their support and attend as many as they could. Special consideration should be given to the Proclamation Ceremony—which will be held at 9:00 a.m. at the State Capitol on Monday, June 1, and the Focus on Defense Symposium—held later that morning. Attendance at the Airman's Opener (June 1) and the Mormon Tabernacle Choir Concert (June 4) were also encouraged—the last two (2) events are open to the public. Not only will attendance show UDA presence, but it will also show UDA support for our military.

An order has been placed for UDA shirts. It is anticipated that they will arrive by next Wednesday. Once they are in, Board members will be notified so they can pick them up. It was recommended that everyone wear the shirts to all appropriate events to help UDA get name recognition.

During last Board meeting, the Board approved \$10,000 to support Air Force Week. The final amount donated will be \$10,100. Those in charge of each venue have shown appreciation for UDA's support. Below is a list of the UDA sponsored events:

- Park City Egyptian Theater      \$2,500
- Club Hill      500
- Pioneer Park First Aid Station      2,400
- Salt Lake Bees Game      1,200
- Ogden Egyptian Theater      3,500
- Thunderbird Reception & Mormon Tabernacle Choir Concert      Bonus

There is a slim chance that General Swartz and General Hoffman will be attending the Salt Lake Bees game. If they do, it will give UDA members an opportunity to socialize with them and discuss important issues. UDA was only able to invite the Executive Board to the reception, but anyone wishing to attend can do so as this event is open to the public.

There are two Thunderbird Reception events—one at Hill Air Force Base and one in Salt Lake City. Board members were invited to the reception that was closest to them. Although Board members may not have been invited to the reception prior to the Mormon Tabernacle Choir Concert, they can still attend the concert. The concert is open to the public.

**- MIDA Update**

Because of the lack of time to cover the full agenda, those who would like information on MIDA were asked to see Rick after the meeting.

### **Audit & Financial Report**

As of July 1, 2008, UDA moved from a calendar year to a fiscal year. In addition, the bulk of UDA's money is in State funds, and UDA is now contracting with MIDA for services. With these things in mind, it was suggested that an audit be performed. Since UDA has never had a formal audit, Crane, Christensen and Ambrose was hired to perform a baseline audit. Steven Crane presented the audit and the audit findings to the Board showing appreciation for the opportunity to perform the audit and thanking John Peterson for his assistance.

The audit was carefully reviewed noting that it was a six (6) month review ending in June 2008. Mr. Crane also mentioned that the audit is an unqualified opinion which means it is the responsibility of the organization to ensure everything is done correctly.

Mr. Crane also cautioned that the public is very sensitive regarding travel costs and strongly recommended heavy documentation and adherence to pre-approval process as outlined in the Travel Policy.

Tage Flint made a motion to accept the audit as presented. Ken Warnick seconded the motion followed by a unanimous vote to accept the audit.

Following the audit presentation, the Financial Report, ending on March 31, 2009, was presented and thoroughly reviewed by the Board.

Kent Sulser made a motion to approve the Financials. Commissioner Louenda Downs seconded the motion followed by a unanimous vote to accept the Financials as presented.

### **Tooele Army Depot Presentation**

Part of the UDA Mission is to protect and assist all of the military installations in Utah. It is important that UDA members stay abreast on what is happening at these installations. Kathy Anderson and David Ayala, from the Tooele Army Depot, were introduced and made a presentation on the Tooele Army Depot (the PowerPoint presentation they used can be accessed on the UDA website). UDA Board members were encouraged to visit and tour Tooele Army Depot and provide any leads that could bring additional missions to the Depot or other military installations.

### **Strategic Plan**

This item was tabled. If anyone has questions, they were encouraged to talk to Rick Mayfield after the meeting.

### **Other Business**

- UDA has two (2) active committees—the Finance Committee and the Procurement Outreach Committee. Currently, there are two (2) open positions on the Procurement Outreach Committee which were left by Dave Harmer, who retired, and Wilf Sommerkorn, who is unable to continue serving in this capacity. Kent Sulser and Scott Waterfall have indicated they would be willing to fill those vacancies.

Commissioner Louenda Downs nominated Kent Sulser and Scott Waterfall to fill the Procurement Outreach Committee vacancies. Steve Rush seconded the nomination followed by a unanimous vote to accept the nominations.

- Although there has not yet been an official announcement, it has been proposed that there be a drawdown of the F16, F15 and A10's. This will affect several bases as these planes are retiring earlier than expected. The concern is that this will create a gap as the F35's are not scheduled to come on board for several years. This would leave the country in a vulnerable position and will greatly impact Hill Air Force Base and the services it provides. A sense of urgency is needed to meet with the Governor, the Congressional delegation, and the legislative leadership to discuss these decisions and their impact on the State.

#### **Next Meeting**

The next UDA Board Meeting will be held on Monday, June 15, 2009. At the next meeting, we will have two (2) presentations—one by Ben Hart who will give an update on the East Gate Development and one by John Clay who will give us an update on Northrop Grumman.

Tage Flint made a motion to adjourn at 9:10 a.m.

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Financial Statements - June 30, 2008

(With Independent Auditors' Report Thereon)

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

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CRANE, CHRISTENSEN  
& AMBROSE  
*Certified Public Accountants  
A Professional Corporation*

Steven F. Crane, CPA  
Kent R. Christensen, CPA  
Jeffrey L. Ambrose, CPA  
Chuck Palmer, CPA

To the Board of Directors  
Utah Defense Alliance, Inc.  
Ogden, Utah

We have audited the accompanying statement of financial position of Utah Defense Alliance, Inc. (A Nonprofit Organization) as of June 30, 2008, and the related statements of activities and cash flows for the six months then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Defense Alliance, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

*Crane Christensen & Ambrose*

April 1, 2009

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Statement of Financial Position

June 30, 2008

Assets

Current assets:

Cash and cash equivalents	\$ 258,801	
Investments	<u>803,982</u>	
Total current assets		\$ 1,062,783

Equipment

Less accumulated depreciation	\$ 6,763	
Equipment, net	<u>(3,129)</u>	<u>3,634</u>

Total assets		<u>\$ 1,066,417</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 170,842	
Contract payable	<u>19,879</u>	
Total current liabilities		\$ 190,721

Net assets - unrestricted

875,696

Total liabilities and net assets		<u>\$ 1,066,417</u>
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See independent auditors' report and notes to financial statements.



UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Statement of Activities

For the Six Months Ended June 30, 2008

Revenue and support:		
Contract revenue	\$ 570,000	
Interest income	<u>28,100</u>	
Total revenue and support		\$ 598,100
Expenses and losses:		
Grants and allocations	23,001	
Accounting and secretarial	6,714	
Printing and publications	730	
Conferences, conventions, and meetings	13,173	
Contracted staff	116,863	
Outside consultants	565,306	
Memberships	620	
Office expense	3,858	
Depreciation	676	
Telephone	<u>564</u>	
Total expenses and losses		<u>731,505</u>
Total change in net assets		(133,405)
Net assets - beginning of period		<u>1,009,101</u>
Net assets - end of period		<u>\$ 875,696</u>

See independent auditors report and notes to financial statements.

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Statement of Cash Flows

For the Six Months Ended June 30, 2008

Cash flows from operating activities:		
Change in net assets	\$ (133,405)	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	676	
Decrease in interest receivable	6,621	
Increase in accounts payable	<u>21,630</u>	
Net cash used by operating activities		\$ (104,478)
Cash flows from investing activities:		
Decrease in investments		286,586
Cash flows from financing activities		<u>-</u>
Net increase in cash and cash equivalents		182,108
Cash and cash equivalents balance at beginning of period		<u>76,693</u>
Cash and cash equivalents balance at end of period		<u>\$ 258,801</u>

See independent auditors' report and notes to financial statements.

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

**A. Organization**

Utah Defense Alliance, Inc. is a nonprofit corporation organized to strengthen and support all appropriate governmental and private enterprises in their accomplishments of national defense objectives and to expand investment and employment opportunities in defense and aerospace related industries. As such, it is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code. The funding for Utah Defense Alliance, Inc. is provided by contracts with the State of Utah Department of Community and Economic Development and donations from other public and private entities.

**B. Basis of Accounting**

At January 1, 2007, the Alliance changed its basis of accounting to the accrual method.

**C. Equipment and Depreciation**

Equipment is recorded at cost. Depreciation is computed using the straight line method over five years.

**D. Cash Equivalents**

Utah Defense Alliance, Inc. defines cash and cash equivalents as all deposits in its checking, savings, and money market accounts.

**E. Presentation**

Utah Defense Alliance, Inc. complies with the reporting provisions of Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 requires reporting amounts for the Organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities. SFAS No. 117 also requires classification of an organization's net assets and its revenue, expenses, gains, and losses based on the existence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

**F. Concentrations**

Approximately 95% of the Organization's revenue was obtained through contracts with the State of Utah Department of Community and Economic Development.

(2) Cash and Investments

At June 30, 2008, the carrying amount of the Organization's deposits was \$1,062,783 and the bank balance was \$1,104,523. Of the bank balance, \$131,233 was covered by federal depository insurance.

All of the Organization's investments are certificates of deposit totaling \$803,982.

(3) Contract Payable

On May 17, 2005, Utah Defense Alliance, Inc. entered into a contract with the State of Utah Department of Community and Economic Development. Under the contract the State distributed to the Alliance \$5,000,000 to install or purchase equipment or facilities for the Organization to gift to the U.S. Air Force for military installation facilities.

Under Financial Accounting Standards Board Statement Number 116, this contract is treated as an agency relationship and the undisbursed amount is disclosed as the current liability "contract payable".

UTAH DEFENSE ALLIANCE, INC.  
(A Nonprofit Organization)

Notes to Financial Statements - Continued

June 30, 2008

(3) Contract Payable - Continued

The contract receipts and disbursements are as follows:

Beginning balance	\$ 19,879
Receipts	-
Disbursements	<u>-</u>
Ending balance	<u>\$ 19,879</u>

(4) Leases

The Organization has a lease for office space which expires on August 31, 2011. Future lease payments are as follows:

<u>Year Ended</u> <u>June 30.</u>	<u>Amount</u>
2009	\$ 7,106
2010	7,106
2011	7,106
2012	<u>1,184</u>
	<u>\$ 22,502</u>

Utah Defense Alliance  
Statement of Changes in Financial Position  
2008-09 Budget vs Actual

3/31/2009  
Percent of Year

	Annual Budget	2008-09 through March 31st	75.1%
<b>REVENUE (Source of Funds)</b>			
<b>Contract Revenue</b>			
GOED Contract #090334 (7/1/08-6/30/09)	750,000	562,500	75.0%
GOED Contract #090596 (7/1/08-6/30/09)	100,000	75,000	75.0%
		-	
<b>Contributed support</b>			
In-Kind/Service Contributions	15,000	-	
<b>Interest Income</b>	24,000	27,415	114.2%
		-	
<b>Total Revenue</b>	<b>889,000</b>	<b>664,915</b>	<b>74.8%</b>
<b>EXPENSES (Use of Funds)</b>			
<b>Contracted Services</b>			
MIDA Contract	100,000	33,333	33.3%
Public Relations	10,000	7,451	74.5%
SWDA Support	20,000	20,000	100.0%
SWDA Travel	10,000	4,484	44.8%
<b>Special Projects</b>			
MIDA Setup	80,500	86,804	107.8%
Procurement Outreach	868,851	648,379	74.6%
<b>Contracted Studies</b>			
Baseline	-	-	
HAFB Workload	-	-	
Tooele Workload	-	-	
Workforce	-	-	
Other	-	-	
Future Projects	400,000	-	
<b>Total Contracted Services</b>	<b>1,489,351</b>	<b>800,450</b>	
<b>Operations</b>			
Equipment Depreciation (or purchase or renta	500	-	
Insurance	4,700	4,668	99.3%
Local Meetings / Conferences	5,000	1,304	26.1%
Memberships	2,000	395	19.8%
Out-of-Area Meetings / Conferences	30,000	11,050	36.8%
In-Kind Travel	15,000	-	
Postage, shipping, delivery	600	163	27.2%
Presentations	-	-	
Printing & copying	1,500	1,072	71.5%
Publications	1,000	-	
Rent - Office Space	7,700	6,062	78.7%
Research	-	-	
Supplies	200	1,337	668.5%
Telephone/Internet	200	116	58.2%
<b>UDA Staff Support</b>			
Financial Staff	14,000	4,450	31.8%
Legal & Professional	1,000	2,510	251.0%
Secretary/Administration	-	-	
In-Kind Services	-	-	
<b>Total Operations &amp; Staff Support</b>	<b>83,400</b>	<b>33,128</b>	<b>39.7%</b>
<b>Total Expenses</b>	<b>1,572,751</b>	<b>833,577</b>	
<b>Total Increase (Decrease)</b>	<b>(683,751)</b>	<b>(168,662)</b>	

Utah Defense Alliance  
Statement of Financial Position

3/31/09

**ASSETS**

**Current Assets**

**Checking/Savings**

**America First CU**

16,979.06

**Barnes Bank**

1,076,351.12

**Total Checking/Savings**

1,093,330.18

**Total Current Assets**

1,093,330.18

**Equipment (Net)**

3,841.44

**TOTAL ASSETS**

1,097,171.62

**LIABILITIES & EQUITY**

**Accounts Payable**

182,758.85

**State of Utah Funding Liability**

19,878.75

**Unearned Revenue on Current Contracts**

187,500.00

**Equity**

**Fund Balance**

875,696.01

**Net Increase / Decrease**

-168,661.99

**Total Equity**

1,097,171.62

**TOTAL LIABILITIES & EQUITY**

1,097,171.62