

Internal Control Assessment as of 12/31/11

A. Define Major Business Functions

- Issue non-profit bonds
- Coordinate and deliver non-profit community development services
- Financial operations
- Administration

B. Determine the Risks Associated with Operations

Assess Risk Exposure

- | | |
|------------------------|------------------|
| ➤ Issue Bonds | Moderate |
| ➤ Non-Profit Services | Moderate |
| ➤ Financial Operations | Moderate to High |
| ➤ Administration | Low |

Risks

- Conflicts of interest
- Improper influence of project clients or involved officials on UCCRC
- Improper influence of UCCRC on project clients or involved officials
- Negligent or fraudulent administrations of UCCRC
- Projects do not accomplish their goals
- Fraud in financial operations

C. Internal Control Systems in Place

- Mission Statement
- By-Laws
- Policies
- Procedures
- Contract with UCDC

D. Assessment of the Effectiveness of Internal Controls

- CEO's review of CFO and Administrative functions
- Audit Committee Meetings
- Governance Committee Meetings
- Annual Reports
- External Audit

E. Corrective Action

- Actions are developed when weaknesses are identified
- Actions are adopted by the board and monitored by management