

Report of the Examining Finance Committee

It is great to be able to see everyone in person. This year's information has been collected again by means of email, phone calls and TEAMS meeting.

The review was conducted in accordance with the scope, responsibility, and role this committee has been given. The review was performed focusing on the issues and concerns of the UCT membership. In accordance with the UCT standing policy for the EFC, all members have executed confidentiality agreements.

The 2021 financial statements we reviewed were audited by BKD, a professional accounting firm. A review of the final report of BKD stated they present fairly the financial position of the Order using the statutory accounting practices required by the Ohio Department of Insurance (ODI), and the National Association of Insurance Commissioners (NAIC).

The annual audit process was again overseen by the UCT Audit Committee which met virtually throughout the year in order to assist the Board in providing the oversight necessary to maintain the integrity of the accounting, auditing, and reporting practices of the Order.

There were some positive events to take place in 2021:

- Launch of an improved Dental Vision policy, a re-launch of a Final Expense Whole Life product with both smoker and non-smoker rates
- UCT received \$580,000 of Payroll Protection Loans in April and, fully forgiven in October, this appears as a liability in the Third Quarter and income on the Fourth Quarter Statement of Receipts and Disbursements.

UCT's AM Best Rating was upgraded due to the rebranding efforts in place, development of e-applications, the enhancement of the website, the continued development of new products and the continued efforts to reduce the company expenses in the past two years (of course COVID has reduced the travel expenses greatly).

New assets in the past year would be our new Sales Director Austin Slattery, who started with UCT the first week of January, and under his guidance UCT is already seeing progress with improved agent communications and product diversity in the overall sales. A new sales strategy is being developed and expectations are very promising for the second half of 2022.

NET LOSS FROM NORMAL OPERATIONS WAS -\$973,620

The PPP Loan (Payroll Protection Plan) forgiveness of \$582,347 helped to reduce the overall net income to -\$973,620 an increase of just shy of \$700,000. We do have a surplus of \$6,371,055. The fraternal expenses for the year were down \$37,000, with a majority of that savings being from having last year's Annual Session as a ZOOM and not in-person.

BKD audited UCT financial and issued a clean opinion under statutory accounting principles.

Whalen and Company audited financial reports for UCT Charities, Inc. and issued a clean opinion under generally accepted accounting principles. The combined surplus of the fund stands at \$4,011,704 as of 12/31/2021 vs \$4,147,367 at 12/31/2020. Scholarships awarded by UCT Charities, Inc. for 2021 were 62 totaling \$33,700. An additional 12 full-year scholarships totaling \$48,000 were paid out from the Heaston Scholarship Fund.

We wish to thank UCT President Dianna Wolfe for the opportunity to serve on this committee and to assist the membership in this way. We wish to thank Kevin Hecker (CEO), Andrew Swetnam (former CFO) and Rick Redman (UCT Secretary-Treasurer) for their assistance in forwarding this information to us through countless emails.

Brian Ward, Ohio-Pennsylvania
Rick Gruszecki, Ohio-Pennsylvania
Alan Poplewski, Michigan
Amanda Washburn, Nebraska-Kansas