

**AUDIT COMMITTEE REPORT  
LEOMINSTER CREDIT UNION  
ANNUAL MEETING  
SEPTEMBER 15, 2020**

The Audit Committee of Leominster Credit Union met on a monthly basis during 2019. The Committee is charged with ensuring that a sound system of internal controls is maintained at the credit union. The Audit Committee is also responsible for ensuring that an independent audit and a verification of member accounts are completed on an annual basis.

In accordance with our statutory responsibilities, the Audit Committee reviews the financial results of the credit union with management and reviews the credit union's cash and due from bank account reconciliations. The Audit Committee consists of Giulio Greco, Richard Sheppard, Joyce LaFleur, Joseph Quintal, and me, Henry Kulik, Chairman.

The independent accounting firm of RSM US LLP was retained by Leominster Credit Union to complete an audit of the credit union's financial statements as of September 30, 2019, and for the fiscal year then ended. Upon completion of their audit, RSM rendered an unqualified clean opinion on the financial statements of the credit union. Additionally, the credit union's internal controls were concluded to be strong by the external auditor, with no internal control deficiencies reported, which gives further evidence as to the quality of our operations.

LCU signed a three-year agreement with the independent audit firm, Wipfli (Macpage at that time) in order to outsource our auditing program ending December 31, 2019 and has since renewed that contract for another two years. Wipfli continues to work with the Audit Committee to maintain the strength of our internal audit program, the quality of internal controls and to provide an assessment of risks throughout the credit union in the financial, information technology, and compliance areas.

The Compliance function is capably administered by Nicole Legere while Gary Abrams is the administrator of the Audit function.

In late 2019, the Massachusetts Division of Banks and the National Credit Union Administration performed a "Visitation" to review the credit union's operation and progress made with the recommendations made in their last Safety and Soundness Examination in late 2018. The regulators review produced a positive report on the progress made.

The independent Auditing/Compliance firm of Healy & Healy has again been retained to provide mortgage quality control review services for the credit union and this includes the performance of independent real estate reappraisals.

I am happy to report that the credit union's internal control structure and financial reporting systems remain strong. The Audit Committee is committed to continuing to exercise its oversight responsibilities in 2020.