



Office of Internal Audit

800 W. Campbell Rd. SPN 32, Richardson, TX 75080
Phone 972-883-4876 Fax 972-883-6846

January 28, 2016

Dr. Hobson Wildenthal, President *ad interim*
Ms. Lisa Choate, Chair of the Institutional Audit Committee:

We have completed an audit of the Lena Callier Trust as part of our fiscal year 2015 Audit Plan, and the report is attached for your review. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The objectives of the audit were to ensure compliance with the criteria established by the Trust and certain UT Dallas policies and procedures. Also, to determine if revenues are recognized and expenses are incurred in accordance with the terms of the Trust for fiscal year ended August 31, 2015. This audit is required annually by the Trust Agreement.

As of August 31, 2015, the Trust had a market value of approximately \$5.9 million. A summary of the trust activity and the Trust Agreement is included as an Appendix to this report.

Overall, we found that UT Dallas generally complies with the Trust agreement requirements, and offer no recommendations for improvement. We appreciate the courtesies and considerations extended to us during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens
Institutional Chief Audit Executive

UT Dallas Responsible Parties:

Dr. James Bartlett, Interim Dean of the School of Behavioral and Brain Sciences
Dr. Thomas Campbell, Executive Director of the Callier Center

Members of the UT Dallas Institutional Audit Committee:

External Members:

Mr. Bill Keffler
Mr. Ed Montgomery
Ms. Julie Knecht
Dr. Hobson Wildenthal, Executive Vice President and Provost
Dr. Inga Musselman, Acting Provost
Dr. Calvin Jamison, Vice President for Administration
Mr. Terry Pankratz, Vice President for Budget and Finance
Mr. David Crain, Vice President and Chief Information Officer
Dr. Bruce Gnade, Vice President for Research
Dr. George Fair, Vice President for Diversity and Community Engagement; Compliance Officer
Dr. Gene Fitch, Vice President for Student Affairs
Mr. Timothy Shaw, University Attorney

The University of Texas System:

System Audit Office

State of Texas Agencies:

Legislative Budget Board
Governor's Office
State Auditor's Office
Sunset Advisory Commission

Bank of America: Trust Operations

Assigned to the Audit:

Dominique DiAndrea, CIA, Senior Auditor



Appendix

Lena E. Callier Trust for the Hard of Hearing and the Deaf

The Lena E. Callier Trust for the Hard of Hearing and the Deaf (Trust) was created by the will of Lena E. Callier (Will) on May 1, 1975. The will established the Trust, and the Trust is perpetual and irrevocable. The Trustee, Bank of America, has determined UT Dallas to be the recipient of the net income earned by the Trust. UT Dallas is the sole recipient of net income of the Trust per the Agreement between the Trustee and UT Dallas. The Agreement is revocable and can be cancelled by either party with six months written notice. The Agreement requires UT Dallas to provide the Trustee “evidence satisfactory to Trustee that said funds, when paid, will be used for the purposes herein set forth.” As a result, UT Dallas performs procedures to ensure that funds received from the Trust are spent for Trust purposes.

The Trust is a portfolio composed of monies from oil and gas rights, mineral properties, real estate, money market funds, and various other securities. The table below illustrates the net income received from the Trustee, including interest income and expenses over the last four fiscal years. The expenses for fiscal year 2015 included maintenance, operation, and capital outlay.

	2015	2014	2013	2012
Revenue	\$293,092	\$260,386	\$202,442	\$189,907
Expenses	\$141,827	\$109,993	\$289,135	\$71,866
Market Value	\$5,930,298	\$6,494,678	\$5,884,845	\$5,525,976

Will and Trust Provisions

The following is a summary of the Lena Callier Will and Trust provisions. The funds should be used for the following purposes:

The principal of the Trust Estate shall not be consumed or expended, but the net income shall be used only for charitable purposes.

- (1) Personnel, maintenance purchases.
- (2) Medical research in hearing and deafness.
- (3) Hearing aids to those in financial need.
- (4) Salaries of teachers and operating personnel.
- (5) General operating expenses.
- (6) Maintenance, upkeep, and repair of facilities.
- (7) Expansion or acquisition of equipment, physical facilities, building, and grounds.
- (8) Medical or scientific research into the cause, treatment, prevention, and cure of hearing impairments or defects and deafness.
- (9) Contributions to non-profit corporations or unincorporated organizations or associations engaged in such research.



- (10) Contributions to individual physicians, surgeons, and scientists engaged in such research to be used by them for such purposes, provided results are made available to the public without charge.
- (11) Teaching of lip reading.
- (12) Teaching of language and speech.
- (13) Furnishing of educational facilities and services designed in whole or in part to meet the special problems and situations incident to the learning process.
- (14) Furnishing of general educational facilities designed to afford the hard of hearing and the deaf opportunities comparable to those afforded by public institutions to the general public.
- (15) Furnishing of psychological and psychiatric services to persons who are hard of hearing or deaf.
- (16) Furnishing of medical and surgical treatment and care and hospitalization for relief, amelioration, prevention, or cure of defects or impairments in hearing where, in the opinion of the Trustee, financial circumstances of recipient are inadequate.
- (17) Provide hearing aids or other hearing instruments to persons who are hard of hearing or deaf, who in the Trustee's opinion do not have adequate financial resources.
- (18) Provide scholarships, subsidies, loans, or grants to individuals who are hard of hearing or deaf for purposes of enabling them to pursue courses of advanced study where financial circumstances are inadequate for the person to cover, and the character of the recipient is such that upon completion of such studies he may, in the opinion of the Trustee, be expected to advance and enlarge the field of knowledge in which studies have been pursued.
- (19) Contribution to any non-profit charitable corporation or university or organization or association whose functions or services are for the betterment of the physical, mental, or educational condition of the hard of hearing and the deaf.

Geographical Limits

Applied only in the State of Texas and preferably Dallas County

Publicity

At least annually, publish in a newspaper of general circulation in Dallas County or in the State of Texas, a statement of receipts and disbursements and a general summary of activities of the Trustee.

Trustee

Bank of America

Trustee Request

At the request of the Trustee in a letter dated January 27, 1987, UTD is to "provide us with an annual accounting for our files that provides the necessary background to ensure to the Trustee that income is being used only for the purposes expressed in the Will of Mrs. Callier."