

MidAmerica Region, UUA

Board Business Meeting Agenda:

Tuesday, January 13, 2015

7:05 pm Central (8:05 pm Eastern) Call to Order **Board Members present: Bill Sasso, Charlotte Preston, Eric Huffer, Tom Sommerfeld, Dave Martin, Cindy Landrum, Janis Cheney, Doug Cauble, Kyrie Bock Staff present: Lisa Presley, Nancy Heege**

7:05 pm Opening Readings: MidAmerica Vision Statement

7:09 pm Consent Agenda

- Appointment of Timekeeper and Process Observer **Charlotte Preston appointed as timekeeper, Janis Cheney appointed as process observer**
- Minutes of the 11/16/2014 MidAmerica Board Business Meeting **removed from consent agenda, motion by Tom Sommerfeld to correct his name in first part of November minutes, second by Eric Huffer, minutes accepted as amended, unanimously. (Attachment A)**
- MidAmerica Region Staff Report **none**

7:14 pm Review and discussion of the 3-Way Covenant (Board. Staff, DCL) **introduction by Bill Sasso, discussion with no note of any issues with the document, Eric Huffer, Tom Sommerfeld, and Bill Sasso will review the covenant with Scott Tayler and Ian Evison for any needed changes and report back to the board.**

7:22 pm Preliminary presentation of FY 2016 MidAmerica Staff objectives (Ian) **Ian Evison not present, short report from Lisa Presley and Nancy Heege of what staff discussed.**

7:30 pm Review and possible adoption of recommendation(s) regarding Financial Audit/Review from the Financial Committee, **motion for acceptance of recommendation of Financial Committee for Financial Evaluation by Tom Sommerfeld, second by Doug Cauble, presentation of recommendations by Lisa Presley, discussion – question re cost, should fall within the amount set aside already in budget for financial review, vote taken, approved unanimously, staff will act on it. (Attachment B)**

7:50 pm Preliminary discussion of MidAmerica Region in relation to State Advocacy Networks serving our geographical area **Replaced with discussion of vice moderator's recommendations, without objection.**

Discussion of Vice Moderator's recommendations regarding the nature of districts and regions, and their ability to bring items forward for GA agenda – some board members okay with it, some feel some unease with it, this has been distributed to District Presidents Association, Bill Sasso will report back after they discuss it.

8:00 pm Request for fiscal sponsorship from UU Advocacy Network of Illinois , **motion for approval by Doug Cauble, second Janis Cheney, explanation by Bill Sasso, questions put forth by Lisa Presley– replace MAR with MA, include their working toward 501c3 status, motion by Tom Sommerfeld to accept amendments re 501c3, second by Cindy Landrum, amendment approved, Lisa Presley recommendation-add in section 3 language regarding receiving information related to grants received by UUANI, Dave**

Martin moved to accept the amendment, Tom Sommerfeld seconded, approved, Lisa Presley recommended we remove 3E, motion to accept amendment by Tom Sommerfeld, second by Janis Cheney, approved, Lisa Presley recommended we add into D, language regarding termination of the agreement should MA determine that UUANI is acting in inappropriate, motion to accept by Janis Cheney, second Charlotte Preston, approved, language to be worked out by Lisa Presley, Eric Huffer & Bill Sasso, vote taken on amended memorandum of understanding, approved unanimously. (Attachment C)

8:10 pm Status review of 2015 MidAmerica Board Objectives reviewed

8:15 pm Review of Regional Assembly and May Board Meeting Plans, discussion by Bill Sasso regarding attendance at RA and May meeting, 5/14-17 in Louisville, KY.

8:23 pm Process Observer Comments Janis Cheney gave process observer comments, members were focused, stayed on task, honored our covenant. In relation to the governance model, we covered fiduciary, some elements of strategic & generative.

8:28 pm Closing Words (TBD) Lisa Presley

8:30 pm Adjournment motion to adjourn by Tom Sommerfeld, second by Dave Martin, approved unanimously

Board Business Meeting Agenda:

Saturday, November 15, 2014

3:37 pm Central Call to Order- Board members present- Bill Sasso, Eric Huffer, Tom Sommerfeld, Cindy Landrum, Janis Cheney, Doug Cauble, Kyrie Bock, Ian Evison, Staff present-Nancy Heege

3:38 pm Opening Readings: MidAmerica Vision Statement

3:41 pm Consent Agenda

- Appointment of Doug Cauble as Timekeeper
- Appointment of Janis Cheney as Process Observer
- Minutes of the 10/21/2014 MidAmerica Board Business Meeting
- 1QFY2015 MidAmerica Region Financial Reports and Analysis
- MidAmerica Region Staff Report

Motion for approval of Consent Agenda by Dave Martin, second by Tom Sommerfeld, approved unanimously

3:43pm Review and possible adoption of recommendation(s) from the Governance Model Working Group, motion for approval by Dave Martin, second by Doug Cauble, approved unanimously (Attachment A)

3:46 pm Review and possible adoption of recommendation(s) regarding Financial Audit/Review from the Financial Committee (if available), nothing to consider

3:48 pm Review and possible adoption of statement of preference regarding relationship between UUA and MidAmerica Region, motion for approval by Eric Huffer, second by Cindy Landrum, discussion regarding what happens next, approved unanimously (Attachment B)

4:00 pm Review and possible adoption of a Statement of Support for St. Louis UU Congregations, motion for approval by Cindy Landrum, second by Tom Sommerfeld, discussion of language, approved unanimously (Attachment C)

4:10 pm Review and possible adoption of Preliminary Agenda, motion for approval by Eric Huffer, second by Dave Martin, motion by Eric Huffer to strike Item 7 and add to Item 9 the phrase "the recognition of staff", amendment carried unanimously, motion by Cindy Landrum to add ~~St. Louis letter and support for~~ recognition of St. Louis UU congregations to the agenda, second by Dave Martin, amendment carried unanimously, motion to add introduction to MidAmerica prior to credentialing report by Cindy Landrum, second by Kyrie Bock, amendment carried unanimously, vote taken on main motion, approved unanimously (Attachment D)

4:20 Review and possible adoption of proposed Rules of Procedure for the 2015 MidAmerica Region Annual Business Meeting, motion for approval by Cindy Landrum, second by Tom Sommerfeld and Janis Cheney, motion by Eric Huffer to strike rule 8, second by Janis Cheney, amendment carried unanimously, vote taken on main motion, approved unanimously (Attachment E)

4:25 pm Status review of 2015 MidAmerica Board Objectives, Eric Huffer, Dave Martin, and staff member (Dori Thexton?) will serve on workgroup regarding 1b & 2c, Janis Cheney, Cindy Landrum, possibly Charlotte Preston, and ~~staff person (to be assigned)~~ Ian will work on framing the question for discussion of item 2d, 3b, 3c & 3f, Doug Cauble, Bill Sasso & Nancy Heege will work on 3e.

4:40 pm Status report on the covenant among the Midwest Unitarian Universalist Conference, the MidAmerica Region, and the /Mountain Desert District, report by Bill Sasso

4:45 pm Status Report on UUA Board outreach effort regarding General Assembly, report by Bill Sasso

4:49 pm Process Observer Comments, energy was there, flagged at moments, stayed on task, 2&3 were addressed in conversations, honored covenant, worked some on "New Era"

4:52 pm Closing Words – Bill Sasso

4:55 pm Adjournment, motion by Tom Sommerfeld, second by Kyrie Bock, approved unanimously

Recommendation for Financial Evaluation of MidAmerica Region

January 2015

The Staff and Treasurer of MidAmerica Region make the following recommendations about the review and evaluation of the financial records for MidAmerica and the preceding districts:

That a three-step financial evaluation process be employed:

- a. **First engagement: a Consulting Engagement** wherein Mark Cull be engaged to examine the records for the three districts from his June 30, 2013, compilation to the point at which funds were transferred to MA, looking at the reasonableness of the transactions, and to ascertain the amounts that should have been transferred at the end of the districts operations; this engagement to include reviewing internal controls summary and internal financial procedures manual to improve accounting processes in MA; to be done during this fiscal year
- b. **Second engagement: an Agreed Upon Engagement** wherein Mark Cull be engaged to review the movement of the funds from the districts to MA to ensure that the figures arrived at in (a) above were actually transferred to MA, and that there was continuity in the restricted, reserved, and unrestricted/reserve designation of funds; to be done during this fiscal year
- c. **Third engagement: a two year Financial Review** that would cover MA for both FY14 and FY15, and would provide a deeper level of evaluation, and allow the comparison that is part of a financial review; to be done early in FY16; may require different accounting firm

Rationale

The overall purposes of these consulting engagements is to assure of that we have done well the job of transferring the assets from the three districts into the regions, that our accounting is accurate, and that we are establishing sound financial procedures. We both do this both for the integrity of our region and to model a high level of financial integrity to the congregations we serve.

Without going into too much detail here (but additional detail included at the end for **those curious!**), **there are several reasons for these specific recommendations for MA at this time.**

- A. There was financial activity in all three Districts past the date of the June 30, 2013, compilations that were done by Mark Cull. These were done to wrap up business as usual for the districts. We believe that an examination of these transactions to arrive at the new ending figures for the district operations is needing in order to be able to ensure that the funds were transferred appropriately. We will then also

be able to create and keep on hand the ending financial statements for each district as of the date of their eventual cessation. (first engagement)

- B. Because MA is a new entity, we believe that it's important to be able to document and explain that the funds transferred in from the Districts did flow appropriately into MA's coffers. The second engagements would trace the funds from the districts to MA, and would rely upon the information gained during the first engagement.
- C. The second engagement might include, and would not preclude us getting information that would allow to have an outside person review how we are handling funds, the policies and procedures, in order to ensure that we are in a mode of constantly improving our systems and approaches. This is helpful for two reasons: to create a sustainable system, and so that we can give our member congregations every assurance that the way we handle their funds is in accordance with standards for non-profits. Both of these would increase the sense of trust in MA's fiscal management.
- D. The third engagement would allow for that longevity approach. In Financial Reviews, one key part is reference back to the previous year's statements in order to look for things that are out of alignment, and/or seem to deviate from previous practice. Since we have no previous year with which to compare the FY14 financials, the cost of a Financial Review of FY14 seems to be beyond the benefits that would be achieved by such a review. We do believe that the Financial Review of both FY14 and FY15 records would provide other valuable information for the Board and staff to be able to assess how we are doing.
- E. We believe we are not ready for either a Financial Review or a Financial Audit of the FY14 books at this time for a variety of reasons:
 - a. Both of these rely upon the company having Internal Financial Control Summaries and Financial Policies and Procedures manuals in place. We are in the process of creating these, but were not able to have them in place for FY14 as we were still designing the best way to do things.
 - b. We also have not had any outside review of our financial structure to see if it makes the sense we believe it does, or to learn what improvements would be helpful. In order to have a successful Review or Audit, we would need to make sure that our system is basically sound prior to such Review or Audit.
 - c. Sarbannes-Oxley and other legislation has created the legal requirement of separation of duties of those who are consulting with and advising companies from those who do either Reviews or Audits. Those who do Reviews or Audits must be completely independent of the company—they may not advise or consult with them on improvement of processes. Any opinions issued are based on what they find. By using financial compilations and/or agreed upon engagements, the accountant may aid and coach the company in reviewing and correcting anything that might need to be corrected.
 - d. Many companies, and many non-profits, end up using the services of an accounting team to help prepare them for either Financial Reviews and/or

Financial Audits. The job of the preparers is to do the basic examination to ensure that the company is ready for the independent accountants to come in and review the books, such as is set out in the First Engagement above. By doing this First Engagement, MA would be in a much better place to have a financial review at the end of FY15.

- e. We do not believe that a Financial Audit has an appropriate level of cost/benefit analysis. We believe that the results of a Financial Review (third engagement) would be sufficient to show staff, Board and member congregations the financial soundness of the MA Region, and to provide any direction going forward.
- f. We believe that the combination of the first and second engagements above will be sufficient to allow the Board, staff and member congregations to know that the funds were appropriately transferred to MA, and that the fiscal operations, policies and procedures are sound.
- g. The completion of the first and second engagements by an accounting firm is a greater level of review and analysis than is often done in either districts or congregations. This can also lead to a greater degree of reliance on the financial statements than many congregations or districts can count on.

Appendix A: Detailed differences between Financial Evaluations

There are three basic levels of financial evaluations, Compilations, Reviews, Audits. The following chart shows some of the key differences:

	Compilation	Review	Audit
Purpose	To assist management in presenting accurate financial statements; may work with company to correct issues; making sure there are sound controls and financial procedures that are documented to protect against misstatement of financial status	Primary purpose is expressing a conclusion that there are no material modifications that need to be made	Provide an opinion on how fairly the financial statements set out the financial operations of the company
Level of Assurance	Lowest; help but don't assure; make sure that things are being done right, and that everything looks reasonable, and assisting in correcting issues so everything does look reasonable before creating the compilation report; compilation report is statement of status, but with no opinion attached other than things appear reasonable	Middle; performs inquiry of standard questions to the company, and then does analytics that involve checking transactions and reviewing against prior year's statements to look for anomalies; review numbers for relativity to each other	Highest; offer either clean opinion, modified opinion or adverse opinion; adverse opinion can negatively impact company's standing; job is to assess risk; start from the internal control summary and the policies and procedures, and then design level of review needed based on this (low level of controls/policies means higher level of investigation; higher level of controls/policies means

			lower level of investigation); most intensive of all three evaluations
Level of Independence	Do not need to be independent	Independence is required	Independence is required
Interaction with company	Flexibility allows them to advise on and deal with issues that come up, and help with accounting entries as needed; helps with decision making about best practices	less flexibility; can point out issues, but cannot assist in correcting them; could provide some suggestions; points out issues that need decision making, but cannot be involved in how to improve the system to any great degree; company must make own decisions, and do own work to make any necessary changes	no flexibility; would state what was wrong, but cannot advise on how to fix; could cease audit until matters fixed, and then come back to complete, but not a party to helping make decisions or assisting in creating new policies, procedures, or practices; may need to engage someone else to assist with the “clean up” of any issues discovered; if issues are found, it may affect and downgrade their assessment and audit opinion
Cost	Lowest, though if considerable consulting as to policies and procedures, this increases the costs	Middle; often advisable to hire independent consultants to prepare financial records for the review itself; necessitates working with two accounting firms increasing overall costs	Highest; often advisable to hire independent consultants to prepare financial records for the review itself; necessitates working with two accounting firms increasing overall costs

**MEMORANDUM OF UNDERSTANDING
BETWEEN
MIDAMERICA REGION OF THE UNITARIAN UNIVERSALIST ASSOCIATION
AND THE
UNITARIAN UNIVERSALIST ADVOCACY NETWORK OF ILLINOIS**

- I. **PURPOSE:** The purpose of this Memorandum of Understanding is to describe the commitments of the MidAmerica Region of the Unitarian Universalist Association, hereafter known as “MA” and the Unitarian Universalist Advocacy Network of Illinois, hereafter known as “UUANI,” as pertains to MA serving as a fiscal sponsor for UUANI. The purpose of this agreement is for MA to assist UUANI as its fiscal sponsor as UUANI prepares for and applies for its own 501c3 status with the Internal Revenue Service.
- II. **TIME FRAMES:** Memorandum of Understanding, also known as the “Agreement,” begins on February 1, 2015, and continues for 12 months, or until extended, modified, or cancelled. In no case will this agreement continue beyond three months after UUANI has obtained its own 501c3 status. The Agreement is renewable subject to a review by both MA and UUANI.
- III. **UUANI WILL:**
 - A. Forward to MA for deposit and bookkeeping purposes all funds received on behalf of UUANI.
 - B. Inform potential donors or grant sources that MA will serve as UUANI’s non-profit fiscal sponsor and contributions to UUANI through MA will be tax-exempt.
 - C. Submit requests for payment for UUANI expenditures to MA by the 10th of each month. Check requests will include receipts for purchases made on behalf of UUANI and will document work performed for reimbursement by UUANI.
 - D. Review and authorize, through its Treasurer, UUANI reimbursement requests prior to submission to MA.
 - E. Communicate in advance to MA its plans to generate additional funds, either by fund raising or by application for grants.
 - F. Manage UUANI funds in a fiscally prudent manner that reflects funding source priorities and UUANI’s overall project budget.
 - G. Hold harmless MA for any liability claims related to UUANI actions or events.
 - H. Engage in advocacy activities permissible under MA’s 501(c)(3) status as referenced in “The Real Rules: Congregations & IRS Guidelines on Advocacy, Lobbying and Elections” (http://www.uua.org/documents/washingtonoffice/real_rules.pdf) or its successor documents.
 - I. Assure MA that it will not claim to speak on behalf of MA in terms of taking positions on issues and establishing action priorities.
 - J. Promote awareness of MA and UUA justice related issues and activities, as feasible, through UUANI communication channels.
 - K. Coordinate with MA, as feasible, to support MA’s social justice leadership role and social justice commitments to congregations within the Region.

- L. Keep MA informed as to its progress in both applying for and being approved for their 501c3 status with the IRS.
- M. Provide MA with any and all appropriate documentation to support MA administration of any grant funds that UUANI receives.

IV. MA WILL:

- A. Establish appropriate accounting categories in its financial system through which receipts and expenditures will be recorded.
- B. Agree to ensure that UUANI funds will be expended only for UUANI activities, and not for those of MA.
- C. Provide standard bookkeeping services for UUANI that will include assuring timely deposits and withdrawals and maintaining an ongoing balance for funds within the UUANI related line items.
- D. Process UUANI request for checks within two weeks or sooner of their receipt.
- E. Have the right to delay or deny payment to UUANI or its staff if, in MA's judgment, requests for reimbursement violate UUANI goals (see Attachment A) or MA non-profit requirements.
- F. Confer upon UUANI its non-profit status so that purchases can be made without payment of sales taxes (where permissible) and so that donors may make contributions that are tax exempt as limited by the laws.
- G. Provide UUANI, typically on a quarterly basis, reports on the status of UUANI funds that will describe each check issued, each receipt of funds and a current balance.
- H. Hold harmless UUANI for liability claims related to MA actions or events.
- I. Assure UUANI, its staff and its Board the right to determine its own positions on issues and action priorities, in compliance with The Real Rules as described in III.I. above.
- J. Promote awareness of UUANI justice related issues and activities, as feasible, through MA communication channels, e.g. newsletter and congregational mailings.
- K. Coordinate with UUANI to support its social justice role and social justice commitments to UU congregation in the MidAmerica Region in Illinois and, as feasible, throughout the whole Region.

V. AGREEMENT CONTACTS:

- A. Treasurer Julie Prandi will serve as the primary UUANI contact person for this Agreement. She may be contacted at 309-830-5191 or mail at 905 N. Evans Street, Bloomington, IL 61701.
- B. _____ will serve as the primary MA contact person for this Agreement. She/He may be contacted at _____.

VI. AGREEMENT TERMINATION, CONTINUATION, OR MODIFICATION:

- A. After one year, this Agreement may be continued for additional periods of time subject to review and discussion of the Agreement by MA and UUANI.
- B. The Agreement may be modified if a written description of the proposed modification is forwarded to both parties sixty (60) days in advance of the proposed change, and if both parties agree to the change(s).
- C. This Agreement can be dissolved by mutual consent of the parties hereto, with a minimum of sixty (60) days notice. Should this agreement be dissolved, MA will

require notice of a Memorandum of Agreement between UUANI and another non-profit fiscal sponsor prior to disbursement of the remaining funds to said fiscal sponsor.

- D. This Agreement may also be terminated should MA discover that UUANI is operating in ways that are not consistent with the intention of this agreement, and/or any grants or other monies received, or is in other ways violating its mission. In such case, this agreement may be terminated by MA with notice, and MA will work with UUANI to transfer the funds to another appropriate fiscal sponsor.
- E. Should UUANI be dissolved by its own actions, MA will disburse any remaining funds as follows:
 - 1. Pay all outstanding obligations of UUANI as properly submitted for payment.
 - 2. Return to any granting agency any unexpended funds from that particular grant.
 - 3. Forward any balance of funds to a Unitarian Universalist entity, as determined by the UUANI Board, which supports social justice work.

VII. ATTACHMENT:

- A. UUANI Mission and Covenant.

WILLIAM SASSO, PRESIDENT, MA

DALE GRIFFIN, UUANI BOARD CHAIR

DATE

DATE