

MONITORING REPORT – 2.7.1 ANNUAL AUDIT

Submitted on December 20, 2016.

2.7.1 ANNUAL AUDIT

Policy: [The President shall not] Fail to cooperate fully with the annual audit of the Association's financial statements, or to sign the financial statements and certify that they fairly represent the financial condition and operations of the Association.

Operational definition: The audit plan of the independent auditing firm is presented to the Audit Committee in advance of the commencement of audit procedures. This typically happens at the Committee's spring meeting. Beginning in fiscal year 2016, the UU Common Endowment Fund, LLC will be audited as a separate entity and a separate report will be issued. The plan will include testing on each of the following items:

- the financial statements have been prepared in compliance with Generally Accepted Accounting Principles (GAAP),
- financial procedures and staff responsibilities have been documented,
- any secured debt has appropriate Board approval,
- Association resources, including staff time, have not been used in such way as to be of primary benefit to a private purpose rather than to the Association and its mission,
- Association funds, funds received by the Association in connection with charitable gift annuities and similar instruments, and funds held in trust by the Association for the benefit of member congregations and other entities have been received, held, and disbursed in accord with applicable law, trust documents, and prudent financial management practices,
- board-restricted funds have not been used for purposes other than those specified by the Board,
- financial obligations have been met in a timely manner, and
- financial operations have been carried out in a way that complies with the requirements for maintaining the Association's nonprofit, charitable tax status under federal and state laws.

Rationale: The auditors' plan is the guiding document for the audit process. The Board, acting through the Audit Committee, assures that the plan covers all areas of concern to the board.

Supporting evidence: Direct inspection by the Board of Trustees acting through the Audit Committee. The Audit Committee received the reports of Meyer Hoffman

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McCann, PC, the auditing firm selected by the Audit Committee, at its meeting of November 21, 2016 and voted to recommend that the Board of Trustees accept both reports. The auditors report stated that the UUA reports “present fairly, in all material respects, the consolidated financial position of the Unitarian Universalist Association as of June 30, 2016 and 2015, and the consolidated changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.” The report for UUCEF also contained a clean opinion as well. The audited financial statements for the Association and the UUCEF were distributed to the Board on December 2, 2016 along with a certification signed by the president and the treasurer. The Audit Committee will present the Committee's report to the Board of Trustees at their January 2017 meeting.

Therefore, I report compliance.