

## MONITORING REPORT – 2.7.1 ANNUAL AUDIT

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*Submitted on December 19, 2017.*

### 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 20, 2017 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, 2017 and 2016, 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.” Similarly, the report for UUCEF also contained a clean opinion. The audited financial statements for the Association and the UUCEF are posted on the UUA website at [http://www.uua.org/sites/live-new.uua.org/files/uua\\_-\\_consolidated\\_financial\\_statements.pdf](http://www.uua.org/sites/live-new.uua.org/files/uua_-_consolidated_financial_statements.pdf) and were distributed to the Board on December 19, 2017 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 its January 2018 meeting.

**Therefore, I report compliance.**

Rev. Susan Frederick-Gray, President, and Timothy Brennan, Treasurer and Chief Financial Officer, individually certify that:

1. Each of us has reviewed the audited Financial Statements of the Unitarian Universalist Association and the Unitarian Universalist Common Endowment Fund, LLC (UUCEF) for fiscal years 2017 and 2016;
2. Based on our knowledge, these reports do not contain any untrue statement of a material fact or omit to state a material fact;
3. Based on our knowledge, the financial statements, and other financial information included in these reports, fairly present in all material respects the financial condition, results of operations and cash flows of the Association and the UUCEF as of, and for the period presented in these reports;
4. We have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Association's auditors and the audit committee of the UUA Board of Trustees:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 19, 2017



Susan Frederick-Gray  
President



Timothy Brennan  
Treasurer & Chief Financial Officer