

December 22, 2014

To the Board of Trustees  
Unitarian Universalist Church of Arlington, Virginia  
Arlington, Virginia 22204

Dear Board of Trustees:

We have audited the financial statements of the Unitarian Universalist Church of Arlington, Virginia (the Church) for the year ended June 30, 2014, and have issued our report thereon dated December 22, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

The American Institute of Certified Public Accountants (AICPA) has established the requirement for independent auditors to communicate certain matters related to the conduct of each audit to those who have responsibility for oversight of management's financial reporting process.

Specific areas to be communicated are as follows:

- Our Responsibility under Auditing Standards Generally Accepted in the United States of America
- Planned Scope and Timing of Audit
- Other Information in Documents Containing Audited Financial Statements
- Significant Accounting Policies
- Accounting Estimates
- Corrected and Uncorrected Misstatements
- Management Representations
- Disagreements with Management
- Consultation with Other Independent Accountants
- Issues Discussed Prior to Retention of Independent Auditors
- Difficulties Encountered in Performing the Audit

Other comments regarding these matters, as they relate to the June 30, 2014 audit of the Church, are presented in the attachment to this letter. We will be pleased to review these items with you at your request. This report is intended solely for the information and use of the Board of Trustees and management of the Church and is not intended to be and should not be used by anyone other than these specified parties.

*UHY LLP*

UHY LLP

## Attachment

### Unitarian Universalist Church of Arlington, Virginia

#### Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated September 11, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material aspects, in accordance with the modified cash basis of accounting. Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements. Our audit of the financial statements does not relieve management of your responsibilities.

As part of our audit, we considered the internal control of the Church. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

#### Planned Scope and Timing of Audit

We performed the audit according to the planned scope and timing previously communicated to you in various meetings, emails and phone discussions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

#### Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information not accompanying the financial statements but contained in annual reports that include your financial statements and our audit opinion does not extend beyond the financial statements identified in our opinion, and we are not required professionally to perform any procedures to corroborate other information contained in such documents.

No documents containing financial information were brought to our attention by management for the year ended June 30, 2014.

#### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Church are described in Note 2 to the financial statements. One new accounting policy was adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Church during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For all significant estimates made by management, we have evaluated the reasonableness of the key factors and assumptions used to determine that the estimates are appropriate in relation to the financial statements of the Church taken as a whole.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. An audit adjustment may or may not indicate matters that could have a significant effect on the Church's financial reporting process (that is, cause future financial statements to be materially misstated). We proposed the following audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Church's financial reporting process.

- To correct due from capital campaign to the endowment fund – Prior period adjustment (\$777,000)
- To reconcile beginning net assets (\$19,381)
- To reconcile scrip inventory and sales (\$7,311)
- Total revenues and total expenses were overstated due to inter-fund transfers (\$1,848,923)

In addition, the following items are uncorrected misstatements of the financial statements. Management has determined that their effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Credit card charges through June 30, 2014 were not accrued (\$2,895)
- Reversal of credit card charges through June 30, 2013 (\$1,718)
- Donated piano and services were not recorded for the year ended June 30, 2014 (\$8,850)

### **Management Representation**

We have requested certain representations from management that are included in the management representation letter dated December 22, 2014.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the Church's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Church's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.