

Church Audit Report

Executive Summary

This audit report for Bethany Lutheran Church has been prepared to provide the church's leadership and congregation with a thorough review of the financial practices and outcomes for the fiscal year. The audit aims to assess compliance with financial regulations and internal controls, ensuring transparency and accountability.

Audit Objectives

- **Verify the Accuracy of Financial Records:** Ensure that all financial transactions recorded over the fiscal year are accurate and comply with accepted accounting principles.
- **Evaluate Internal Controls:** Assess the effectiveness of internal controls and financial governance practices in place at the church.
- **Ensure Compliance:** Check for compliance with financial laws and regulations, as well as with the church's internal policies.

Financial Statements Overview

Total Income: \$320,000

Total Expenses: \$295,000

Net Surplus: \$25,000

Income Analysis

- **Tithes and Offerings:** \$240,000
- **Fundraising Events:** \$50,000
- **Grants and Donations:** \$30,000

Expense Analysis

- **Outreach and Mission Work:** \$110,000
- **Building Maintenance and Improvements:** \$95,000
- **Administrative Expenses:** \$90,000

Key Findings

Strengths

- **Strong Revenue Streams:** The church has maintained robust revenue streams, particularly from tithes and offerings.
- **Compliance with Budget:** Expenses aligned well with the budget, showing effective fiscal management.
- **Effective Internal Controls:** Existing controls around cash handling and disbursements are effective in minimizing risks.

Areas for Improvement

- **Documentation of Transactions:** Some transactions lacked sufficient documentary evidence, which is necessary for ensuring transparency.
- **Budgeting for Fundraising:** The actual expenses for some fundraising events exceeded their budgeted amounts, indicating a need for tighter budget controls.

Recommendations

- **Enhance Documentation:** Improve the documentation process for all financial transactions to ensure full transparency and ease of audit.
- **Review Fundraising Budgets:** Implement more stringent pre-event budgeting practices to prevent overspending on fundraising activities.
- **Update Internal Controls:** Consider revising and updating internal controls annually to adapt to the changing financial landscape and church activities.

Auditor's Conclusion

Based on the audit findings, Bethany Lutheran Church has generally managed its finances well, maintaining compliance with applicable laws and regulations. The recommendations provided aim to address the identified areas for improvement and should be implemented to ensure continued financial health and regulatory compliance.

Approval

This report was approved by the Church Audit Committee on [Date] and has been made available to the church board and congregation members for review.

This audit report provides a comprehensive view of Bethany Lutheran Church's financial condition, highlighting areas of strength and offering actionable recommendations for improvement to ensure that the church continues to operate with integrity and efficiency.