



Audit Exemption Policy

For questions, please contact Tania Arseculeratne, senior Community Engagement officer, at (937) 225-9966 or at tarseculeratne@daytonfoundation.org.

Overview

Organizations with an annual operating budget of \$500,000 or more are required to submit their most recent independent audit when applying for a Dayton Foundation grant. The audit must be conducted by an independent and licensed certified public accountant (CPA). Financial transparency that an audit provides to funders and donors is a key element when evaluating an organization and a grant request. Independent audits help ensure that organizations demonstrate sound fiscal stewardship and maintain the confidence of funders and donors.

Purpose of the Audit Requirement

The Dayton Foundation has implemented this audit policy based on the following beliefs.

- **Accountability:** An audit demonstrates responsibility, sound stewardship and commitment to donors.
 - **Trust and confidence:** An audit builds credibility with financial supporters by reflecting strong financial management practices.
 - **Fiscal standards:** An audit helps establish consistent procedures and safeguards throughout the organization.
 - **Donor intent:** An audit provides assurance that restricted gifts are managed and applied according to donors' wishes.
 - **Protection:** An audit helps protect nonprofit boards, staff and volunteers against allegations of improper or careless financial oversight.
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Audit Exemption Process

Organizations that do not have an audit must request an Audit Exemption by responding to the exemption question within the grants portal application.

If an organization has had a financial review completed by a licensed CPA, the organization must still complete the exemption question and upload the review with the required application documents.

Circumstances Under Which an Exemption May Be Considered

An exemption may be approved for the following:

- small organizations with annual budgets under \$200,000 that provide board-approved financial statements or a financial statement compilation prepared by an accountant
- organizations with budgets between \$200,000 and \$500,000 that have completed a CPA-prepared financial review
- programs within religious institutions that rely on the accounting practices, oversight and reviews conducted by national or regional religious bodies
- nonprofits experiencing extenuating circumstances that make obtaining an audit temporarily impossible

Note: Limited financial resources alone do not constitute an acceptable reason for an audit exemption.