

**Report to the  
Board of Directors**

**United Way  
Association of  
South Carolina, Inc.**

**December 31, 2015**



**Table of Contents**

Contacts ..... 1

Communication with Those Charged With Governance ..... 2

Appendix A - Management Representation Letter

Appendix B – Summary of Corrected Misstatements



## **Contacts**

### ***Mark S. Crocker, CPA***

Engagement Partner  
Dixon Hughes Goodman LLP  
11 Brendan Way, Suite 200  
Greenville, South Carolina 29615  
864.213.5362  
mark.crocker@dhgllp.com

### ***Sabrina Preston, CPA***

Engagement Manager  
Dixon Hughes Goodman LLP  
11 Brendan Way, Suite 200  
Greenville, South Carolina 29615  
864.213.4031  
sabrina.preston@dhgllp.com



## **Communication with Those Charged with Governance**

May 17, 2016

Board of Directors  
United Way Association of South Carolina, Inc.

We have audited the financial statements of United Way Association of South Carolina, Inc. (the Association”) for the years ended December 31, 2015 and 2014 and have issued our report thereon dated May 17, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 30, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated in our letter to you dated November 30, 2015.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way Association of South Carolina, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year December 31, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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. The most sensitive estimates affecting the financial statements were:

Management’s estimate of depreciation expense is based on the estimated useful lives of the respective assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s allocation of functional expense is based on determination of cost estimates as they relate to programs and supporting services that are benefited. We evaluated the key factors and assumptions used to develop the functional expense allocation in determining that it is reasonable in relation to the financial statements taken as a whole.



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

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted the following uncorrected misstatements of the financial statements:

- To correct prior year's temporarily restricted net assets by approximately \$37,000 that should have been reported as unrestricted net assets.

Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, we noted misstatements resulting from our audit procedures. These entries are listed in Appendix B and were corrected by management:

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter included in Appendix A.

### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditors' 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.



**Other Significant Matters, Findings, or Issues**

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 Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. In addition, we consider the following items in planning and performing this year's audit:

This information is intended solely for the use of the Board of Directors and management of United Way Association of South Carolina, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina**

**Appendix A**  
**Management Representation Letter**

May 17, 2016

Dixon Hughes Goodman LLP  
11 Brendan Way, Suite 200  
Greenville, SC 29616

This representation letter is provided in connection with your audits of the financial statements of United Way Association of South Carolina (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

***Financial Statements***

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 30, 2015 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The following have been properly accounted for and disclosed in the financial statements:
  - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
  - b. Guarantees, whether written or oral, under which the Organization is contingently liable
  - c. Other liabilities or gain or loss contingencies

- c. Other liabilities or gain or loss contingencies
5. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
6. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
7. We believe the effects of the uncorrected misstatement in the financial statements (to correct prior year's temporarily restricted net assets by approximately \$37,000) is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There are no omitted disclosures.
8. We have reviewed all journal entries as a result of the audit. We have recorded these entries in our accounting system and are in agreement with the accuracy of these entries.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

***Information Provided***

10. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud affecting the Organization involving:
  - a. Management.

- b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, or others.
  15. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
  16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
  17. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
  18. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
  19. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  20. There are no:
    - a) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
    - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed.
  21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements we have not consulted legal counsel concerning litigation or claims.
  22. The Organization has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  23. We acknowledge our responsibility for presenting the Schedule of Revenues, Expenses, and Changes in Net Assets by Program in accordance with U.S. GAAP, and we believe that the supplementary information including its form and content is fairly presented in accordance with U.S. GAAP. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  24. In regards to the nonattest services performed by you, we have:
    - a. Assumed all management responsibilities.

- b. Overseen the service, by designating an individual, within senior management, who possess suitable skill, knowledge, or experience.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
25. We have reviewed the Statement of Functional Expenses and have agreed that the allocation between program services and supporting services is an appropriate representation of the allocation of expenses.
26. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
27. With respect to federal award programs:
- a. We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), including requirements relating to preparation of the schedule of expenditures of federal awards.
  - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards ("SEFA") and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
  - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
  - d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
  - e. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of

federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-122, Cost Principles for Nonprofit Organizations, and Subpart C, Cost Sharing and Matching, of OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
  - r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
  - s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
  - u. We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
  - v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records
  - w. We have charged costs to federal awards in accordance with applicable cost principles.
  - x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
  - y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
  - z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
  - aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
  - bb. We have a process to track the status of audit findings and recommendations.
28. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization tax-exempt status, and all activities subject to tax on unrelated business

income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

29. The Organization recognizes tax benefits only to the extent that the Organization believes it is more-likely-than-not (i.e. greater than 50 percent) that its tax positions will be sustained upon examination. We have evaluated the Organization's tax positions, including its not-for-profit status, and have determined that the United Way does not have any material uncertain tax positions.

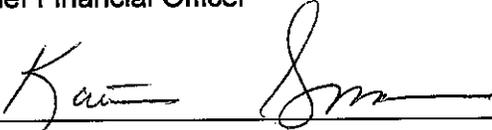
We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



President



Chief Financial Officer



Controller

## **Appendix B**

### **Summary of Corrected Misstatements**



**Schedule of Corrected Audit Differences:**

***Correcting entries debit (credit):***

<b>DESCRIPTION</b>	<b>ASSETS</b>	<b>LIABILITIES</b>	<b>NET ASSETS</b>	<b>REVENUES</b>	<b>EXPENSES</b>
To accrue for Teach America Grant	\$ 54,674	\$ (54,674)	\$ -	\$ (54,674)	\$ 54,674
To properly reflect DSS funds received in 2015 for 2016 expenses	\$ -	\$ -	\$ -	\$ 517,651	\$ (517,651)
<b>Total</b>	<b>\$ 54,674</b>	<b>\$ (54,674)</b>	<b>\$ -</b>	<b>\$ 462,977</b>	<b>\$ (462,977)</b>