

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

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**Financial Statements and  
Supplementary Information**

**Years Ended December 31, 2017 and 2016**

## **Table of Contents**

<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4-5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows .....	8-9
Notes to Financial Statements .....	10-15
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenses, and Changes in Net Assets by Program .....	16-17
<b>Compliance Section:</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18-19
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance .....	20-21
Schedule of Expenditures of Federal Awards .....	22
Notes to Schedule of Expenditures of Federal Awards.....	23
Schedule of Findings and Questioned Costs .....	24-25

## **Independent Auditors' Report**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the United Way Association of South Carolina, Inc. (the "Association"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way Association of South Carolina, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. Note 11 to the financial statements describes certain circumstances which raise substantial doubt about the Association's ability to continue as a going concern. Management's plans regarding these matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of revenues, expenses, and changes in net assets by program are presented for purposes of additional analysis and are also not a required part of the financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
May 4, 2018**

**United Way Association of South Carolina, Inc.**  
**Statements of Financial Position**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 989,867	\$ 175,608
Grants and contracts receivable, net	1,382,020	2,532,688
Dues receivable	20,899	6,576
Prepaid expenses	<u>80,191</u>	<u>90,622</u>
Total current assets	2,472,977	2,805,494
Property and equipment, net	<u>266,501</u>	<u>517,216</u>
Total assets	<u>\$ 2,739,478</u>	<u>\$ 3,322,710</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Line of credit payable	\$ -	\$ 499,999
Accounts payable	655,497	1,670,563
Accrued expenses	158,089	239,790
Deferred revenue	<u>53,993</u>	<u>56,409</u>
Total current liabilities	<u>867,579</u>	<u>2,466,761</u>
Net Assets:		
Unrestricted net assets		
Undesignated net assets	1,716,785	693,651
Board designated net assets	<u>150,114</u>	<u>150,049</u>
Total unrestricted net assets	1,866,899	843,700
Temporarily restricted net assets	<u>5,000</u>	<u>12,249</u>
Total net assets	<u>1,871,899</u>	<u>855,949</u>
Total liabilities and net assets	<u>\$ 2,739,478</u>	<u>\$ 3,322,710</u>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2017**

	2017		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
2-1-1 and call center	\$ 8,447,958	\$ 767,483	\$ 9,215,441
AmeriCorps grant revenue	3,160,853	-	3,160,853
Statewide childcare initiative	428,970	-	428,970
Membership dues	290,859	8,000	298,859
Other grant revenue	-	34,000	34,000
Rental income	4,800	-	4,800
Contributions	3,677	10,000	13,677
Investment income	30	-	30
Miscellaneous income	228,969	-	228,969
Net assets released from restrictions	826,732	(826,732)	-
	<u>13,392,848</u>	<u>(7,249)</u>	<u>13,385,599</u>
Total revenues, gains and other support			
Expenses:			
Program services	11,805,902	-	11,805,902
Management and general	563,747	-	563,747
	<u>12,369,649</u>	<u>-</u>	<u>12,369,649</u>
Total expenses			
Change in net assets	1,023,199	(7,249)	1,015,950
Net assets at beginning of year	843,700	12,249	855,949
Net assets at end of year	<u>\$ 1,866,899</u>	<u>\$ 5,000</u>	<u>\$ 1,871,899</u>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2016**

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
2-1-1 and call center	\$ 10,010,908	\$ 824,670	\$ 10,835,578
AmeriCorps grant revenue	2,858,702	-	2,858,702
Statewide childcare initiative	658,965	-	658,965
Membership dues	247,142	-	247,142
Other grant revenue	42,747	-	42,747
Service fees earned	6,000	-	6,000
Rental income	4,800	-	4,800
Contributions	22,360	196,813	219,173
Investment income	39	-	39
Miscellaneous income	174,967	-	174,967
Net assets released from restrictions	1,026,439	(1,026,439)	-
	<u>15,053,069</u>	<u>(4,956)</u>	<u>15,048,113</u>
Total revenues, gains and other support			
Expenses:			
Program services	14,875,988	-	14,875,988
Management and general	657,877	-	657,877
	<u>15,533,865</u>	<u>-</u>	<u>15,533,865</u>
Total expenses			
Change in net assets	(480,796)	(4,956)	(485,752)
Net assets at beginning of Year	<u>1,324,496</u>	<u>17,205</u>	<u>1,341,701</u>
Net assets at end of Year	<u>\$ 843,700</u>	<u>\$ 12,249</u>	<u>\$ 855,949</u>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2017**

	Program Services						Supporting Services		Total Expenses
	Community and Volunteer Services	Disaster Relief	2-1-1 Services	Family and Childcare Support	Matching Funds	Membership Support and Other Programs	Total Program Services	Management and General	
Salaries and benefits	\$ 299,278	\$ 5,228	\$ 5,084,475	\$ -	\$ 84,044	\$ 601,599	\$ 6,074,624	\$ 479,550	\$ 6,554,174
Professional development and travel	42,309	-	31,074	-	705	137,044	211,132	5,561	216,693
Bad debt expense	-	-	84,874	-	-	886	85,760	-	85,760
Professional fees and contract services	72,906	-	283,488	-	-	154,902	511,296	20,361	531,657
Programs and operations	34,121	-	170,755	30	-	237,963	442,869	26,163	469,032
Occupancy	12,960	-	218,904	-	1,196	352,861	585,921	6,581	592,502
Telephone	2,457	-	702,073	-	-	80,479	785,009	3,690	788,699
Allocations	-	315	996,510	-	9,904	(1,028,570)	(21,841)	21,841	-
Interest expense	-	-	-	-	-	2,311	2,311	-	2,311
Community awards, grants and subcontracts	2,687,600	12,249	-	428,972	-	-	3,128,821	-	3,128,821
<b>Total expenses</b>	<b>\$ 3,151,631</b>	<b>\$ 17,792</b>	<b>\$ 7,572,153</b>	<b>\$ 429,002</b>	<b>\$ 95,849</b>	<b>\$ 539,475</b>	<b>\$11,805,902</b>	<b>\$ 563,747</b>	<b>\$12,369,649</b>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

	Program Services						Supporting Services		
	Community and Volunteer Services	Flood Relief	2-1-1 Services	Family and Childcare Support	Matching Funds	Membership Support and Other Programs	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 262,915	\$ 3,661	\$ 7,413,170	\$ -	\$ 81,457	\$ 729,065	\$ 8,490,268	\$ 583,254	\$ 9,073,522
Professional development and travel	37,137	293	28,883	-	1,396	97,604	165,313	5,495	170,808
Bad debt expense	-	-	8,050	-	-	-	8,050	-	8,050
Professional fees and contract services	17,050	281	254,867	-	1,728	163,383	437,309	24,624	461,933
Programs and operations	13,671	243	179,062	-	1,307	236,376	430,659	17,768	448,427
Occupancy	-	-	253,862	-	1,328	438,998	694,188	10,782	704,970
Telephone	124	-	1,236,318	-	1,624	49,847	1,287,913	4,377	1,292,290
Allocations	22,388	187	1,185,066	-	9,675	(1,222,893)	(5,577)	5,577	-
Interest Expense	-	-	-	-	-	6,051	6,051	-	6,051
Community awards, grants and subcontracts	2,511,089	176,715	-	658,965	1,795	13,250	3,361,814	6,000	3,367,814
<b>Total expenses</b>	<b>\$ 2,864,374</b>	<b>\$ 181,380</b>	<b>\$ 10,559,278</b>	<b>\$ 658,965</b>	<b>\$ 100,310</b>	<b>\$ 511,681</b>	<b>\$14,875,988</b>	<b>\$ 657,877</b>	<b>\$15,533,865</b>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from 2-1-1 and call center	\$ 10,043,483	\$ 10,162,462
Cash received from grants	3,900,285	2,529,597
Cash received from membership dues	284,536	243,721
Cash received from service fees earned	31,480	(7,989)
Cash received from rental income	4,800	4,800
Cash received from contributions	13,677	219,173
Cash received from investment income	30	39
Cash received from miscellaneous income	241,237	168,162
Cash paid for community awards, grants, and subcontracts	(3,128,821)	(3,367,814)
Cash paid to employees for salaries and benefits	(6,603,582)	(9,087,536)
Cash paid for operating expenses	(2,880,365)	(1,047,849)
Cash paid for occupancy	(592,502)	(704,970)
Net cash provided (used) by operating activities	<u>1,314,258</u>	<u>(888,204)</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(6,950)
Net cash used by investing activities	<u>-</u>	<u>(6,950)</u>
Cash flows from financing activities:		
Advances from credit line	871,002	3,576,165
Payments on credit line	(1,371,001)	(3,076,166)
Net cash provided (used) by financing activities	<u>(499,999)</u>	<u>499,999</u>
Net increase (decrease) in cash and cash equivalents	<u>814,259</u>	<u>(395,155)</u>
Cash and cash equivalents at beginning of year	<u>175,608</u>	<u>570,763</u>
Cash and cash equivalents at end of year	<u>\$ 989,867</u>	<u>\$ 175,608</u>

**(Continued)**

**United Way Association of South Carolina, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

**(Continued)**

	<u>2017</u>	<u>2016</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 1,015,950	\$ (485,752)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	250,715	277,542
(Increase) decrease in grants and contracts receivable	1,150,668	(1,283,988)
Increase in dues receivable	(14,323)	(3,421)
(Increase) decrease in prepaid expenses	10,431	(18,087)
Increase (decrease) in accounts payable	(1,015,066)	1,067,447
Decrease in designations payable	-	(19,380)
Increase (decrease) in accrued expenses	(81,701)	109,188
Decrease in deferred revenue	(2,416)	(531,753)
Net cash provided (used) by operating activities	<u>\$ 1,314,258</u>	<u>\$ (888,204)</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 2,311</u>	<u>\$ 6,051</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Organization**

The mission of United Way Association of South Carolina, Inc. (the "Association") is to maximize the capacity and effectiveness of local United Ways, and to provide leadership on issues of significance to the United Way system in South Carolina. The Association serves 25 independent, locally governed United Ways across the state through its programs and initiatives, as well as various training and professional development opportunities.

Training and technical assistance opportunities for member United Ways include, but are not limited to: regional and national United Way conferences, Chief Professional Officer meetings and retreats, advocacy trainings, South Carolina 2-1-1 marketing development, and grant funding opportunities for AmeriCorps programs. Further the Association provides consulting and technical assistance to member organizations on issues as diverse as branding guidelines, assistance in interpreting United Way Worldwide membership requirements, assistance in executing required reports, calculations, accounting and financial consulting, and other requirements that are a part of being a franchisee organization of United Way Worldwide's network of member organizations.

The Association's significant programs include:

- 2-1-1: The Association is the technological and data hub for South Carolina's 2-1-1 information and referral service, and operates the state's three call centers. The SC 2-1-1 network is a free service, which provides links between community services and the people who need them. SC 2-1-1 is a vital part of South Carolina's emergency information system, helping to link volunteers and donors with community needs following disasters. The Association has expanded its work through SC 2-1-1 to reduce food insecurity and increase access to healthcare through innovative and groundbreaking partnerships with the South Carolina Department of Social Services, the South Carolina Department of Health and Human Services, and the South Carolina Department of Health and Environmental Control.
- SC Commission on National and Community Service: In December 2007, by Executive Order of then Governor Mark Sanford, the Association was appointed as the governing authority of the South Carolina Commission on National and Community Service. The Commission is South Carolina's lead agency on volunteerism and national service. The goal of the Commission is to strengthen the state through the power of volunteers who help their communities meet the most critical needs.

### **2. Summary of Significant Accounting Policies**

#### ***Financial statement presentation***

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes of net assets are defined as follows:

*Unrestricted Net Assets:* Unrestricted net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired.

*Temporarily Restricted Net Assets:* Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, temporarily restricted net assets are reclassified to unrestricted, as their time and purpose requirements are met.

**United Way Association Of South Carolina, Inc.**  
**Notes to Financial Statements**

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*Permanently Restricted Net Assets:* Permanently restricted net assets represent resources that must be maintained permanently. Like temporarily restricted net assets, permanent restrictions may be imposed only by the donor. However, permanently restricted net assets generally are not reclassified since, by definition, their restrictions never expire.

***Contributions***

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. Donor designations are not included in campaign revenue but are recorded as designations payable on the Statement of Financial Position.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported on the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

***Cash and cash equivalents***

The Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash balances may exceed federally insured amounts. The Association has not experienced any losses on such accounts and management does not believe the Association is exposed to any significant credit risk on cash and cash equivalents.

***Grants and contracts receivable***

Receivables are stated at unpaid balances less an allowance for doubtful accounts. Receivables are written off when the balance is considered to be uncollectible. An allowance for uncollectible accounts is provided based on historical bad debt experience and evaluation of individual accounts. The allowance for doubtful accounts at December 31, 2017 and 2016 was \$100,088 and \$14,328, respectively.

***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation. Expenditures for capital assets of less than \$1,500 are expensed in the year incurred. Depreciation is provided by the straight-line method over the estimated lives of the assets. Contributed property is recorded at appraised or market value at the date of contribution. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

***Deferred revenue***

Deferred revenue represents revenues that have been collected but not yet earned as of December 31. This amount is composed of revenues related to the 2-1-1 Program and other grants.

***Contributed services***

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. No amounts have been recorded for contributed services in the current year. Volunteers provide many services throughout the year that are not recognized as contributions in the financial statements due to recognition criteria not being met.

**United Way Association Of South Carolina, Inc.**  
**Notes to Financial Statements**

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***Functional Expenses***

The Association allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to two or more functions are allocated based on management's estimate of the program activities benefited. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

***Income taxes***

The Association is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the statutes of the State of South Carolina. Accordingly, no provision for income taxes is provided in the financial statements.

The Association's policy is to record a liability for any tax position taken that is beneficial to the Association, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2017 and, accordingly, no liability has been accrued.

***Use of estimates***

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

***Subsequent Events***

Subsequent events have been evaluated through May 4, 2018 which is the date the financial statements were available to be issued.

**3. Property and Equipment**

Property and equipment consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 885,207	\$ 885,206
Leasehold improvements	245,286	245,286
Software	<u>158,294</u>	<u>158,294</u>
	1,288,787	1,288,786
Less accumulated depreciation and amortization	<u>(1,022,286)</u>	<u>(771,570)</u>
Property and equipment, net	<u>\$ 266,501</u>	<u>\$ 517,216</u>

**United Way Association Of South Carolina, Inc.**  
**Notes to Financial Statements**

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**4. Retirement Plan**

The Association sponsors a 401(k) plan which covers full-time employees after one year of employment. The Association contributes 8% of an employee's base salary. Employees are vested 20% per year of employment with 100% vested at five years. Contributions by the Association to the plan were approximately \$238,000 and \$311,000 in 2017 and 2016.

**5. Operating Leases**

The Association leases office space under operating leases that expire December 31, 2018. Occupancy expenses for these leases totaled approximately \$330,000 and \$313,000 for the years ended December 31, 2017 and 2016, respectively.

The Association leases office equipment under an operating lease that expired in May 2017. Lease expense for office equipment was approximately \$1,600 and \$3,800 in 2017 and 2016, respectively.

The minimum lease payments required under the above operating leases as of December 31, 2017 are as follows:

2018	\$ <u>323,000</u>
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**6. Temporarily Restricted Net Assets**

The Association had temporarily restricted net assets of \$5,000 and \$12,249, respectively as of December 31, 2017 and 2016. As of December 31, 2017, these funds were restricted for use in the Crane Fund efforts (\$5,000). As of December 31, 2016, these funds were restricted for use in the Hurricane Matthew relief efforts (\$12,249).

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
2-1-1 Program	\$ 767,483	\$ 824,670
Columbia, SC Flood Relief	12,249	176,205
Crane fund	4,000	-
Other public support programs	<u>43,000</u>	<u>25,564</u>
Total restrictions released	<u>\$ 826,732</u>	<u>\$ 1,026,439</u>

**United Way Association Of South Carolina, Inc.**  
**Notes to Financial Statements**

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**7. Commitments and Contingencies**

In the ordinary course of business, the Association may, from time to time, become a party to legal claims and disputes. At December 31, 2017, management is unaware of any claims against the Association.

The Association receives significant amounts of funds from various grantor agencies as reimbursement of costs incurred for program services. If funding is discontinued, it could have a significant impact on the operations of the Association. The Association has received grant revenue from several federal agencies. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements.

Significant concentrations in revenues and receivables for 2017 and 2016 related to these agencies are outlined below:

	2017		2016	
	Revenues	Receivables	Revenues	Receivables
SC Department of Health and Environmental Control	21%	26%	19%	13%
SC Department of Social Services	16%	4%	18%	12%
SC Department of Health and Human Services	29%	15%	38%	37%
SC Corporation for National and Community Services	24%	44%	20%	32%
Other agencies	10%	11%	5%	6%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**8. Board Designated Net Assets**

As of December 31, 2017 and 2016, approximately \$150,000 of unrestricted net assets was designated by the board of directors as a reserve fund.

**9. Line of Credit**

The Association has a line of credit agreement with a bank for \$500,000 with an interest rate of prime plus .5%. This line of credit matures in September 25, 2019. There was no outstanding balance on the line of credit as of December 31, 2017.

**10. Related Parties**

The Association has an agreement with the United Way of Sumter and Clarendon Counties to provide human resource services at cost including payroll services, human resource support and compliance, benefits administration, health, dental and life insurance and 401K retirement benefits. The agreement also calls for billing for "any additional services" as well. To date there have been no additional services. This agreement has had no impact on the Association's net assets and as of December 31, 2017 and 2016 the United Way of Sumter and Clarendon Counties had an outstanding reimbursement balance due of \$-0- and \$41,040 for gross pay, payroll taxes and benefits, respectively.

## **11. Going Concern**

During 2017, work on two of the Association's largest sources of revenues was completed. Work on the DHHS contract, which was the Association's largest single contract was completed on July 28, 2017. Work on the Association's grant from DSS, which was the Association's third largest source of revenues, was completed November 30, 2017. Work was completed in February 2018 on the Association's DHEC contract, which was its second large source of revenue. These factors create substantial doubt about the Association's ability to have adequate cash flow to meet obligations as they become due in the coming year.

To alleviate these concerns, Management has significantly reduced overhead costs during 2016 and 2017 to mitigate this situation. Management is also closely monitoring cash flows and plans to improve operating efficiencies even further through certain cost reduction efforts. Management cannot predict the outcome of these plans. The financial statements do not include any adjustments that might be necessary should the Association be unable to continue as a going concern.

***Supplementary Information***

**United Way Association of South Carolina, Inc.**  
**Schedule of Revenues, Expenses, and Changes in Net Assets by Program**  
**For the Year Ended December 31, 2017**

	<b>Community and Volunteer Services</b>	<b>Call Center and 2-1-1 Program</b>	<b>Disaster Relief</b>	<b>Family and Childcare Support</b>	<b>Membership and Administrative Support</b>	<b>Matching Funds</b>	<b>Total</b>
Revenue, gains and other support							
2-1-1 and call center	\$ -	\$ 9,215,441	\$ -	\$ -	\$ -	\$ -	\$ 9,215,441
AmeriCorps grant revenue	3,160,853	-	-	-	-	-	3,160,853
Statewide childcare initiative	-	-	-	428,970	-	-	428,970
Membership dues	-	-	-	-	298,859	-	298,859
Other grant revenue	-	-	-	-	34,000	-	34,000
Rental income	-	-	-	-	4,800	-	4,800
Contributions	-	-	-	-	13,677	-	13,677
Investment income	-	-	-	-	30	-	30
Miscellaneous income	1,550	91,623	-	-	135,796	-	228,969
<b>Total revenue, gains and other support</b>	<b>3,162,403</b>	<b>9,307,064</b>	<b>-</b>	<b>428,970</b>	<b>487,162</b>	<b>-</b>	<b>13,385,599</b>
Expenses:							
Salaries and benefits	299,278	5,084,475	5,228	-	601,599	84,044	6,074,624
Professional development and travel	42,309	31,074	-	-	137,044	705	211,132
Bad debt expense	-	84,874	-	-	886	-	85,760
Professional fees and contract services	72,906	283,488	-	-	154,902	-	511,296
Programs and operations	34,121	170,755	-	30	237,963	-	442,869
Occupancy	12,960	218,904	-	-	352,861	1,196	585,921
Telephone	2,457	702,073	-	-	80,479	-	785,009
Allocations	-	996,510	315	-	(1,028,570)	9,904	(21,841)
Interest expense	-	-	-	-	2,311	-	2,311
Community awards, grants and subcontracts	2,687,600	-	12,249	428,972	-	-	3,128,821
<b>Total expenses</b>	<b>3,151,631</b>	<b>7,572,153</b>	<b>17,792</b>	<b>429,002</b>	<b>539,475</b>	<b>95,849</b>	<b>11,805,902</b>
<b>Change in Net Assets</b>	<b>\$ 10,772</b>	<b>\$ 1,734,911</b>	<b>\$ (17,792)</b>	<b>\$ (32)</b>	<b>\$ (52,313)</b>	<b>\$ (95,849)</b>	<b>\$ 1,579,697</b>

See independent auditors' report.

**United Way Association of South Carolina, Inc.**  
**Schedule of Revenues, Expenses, and Changes in Net Assets by Program**  
**For the Year Ended December 31, 2016**

	<b>Community and Volunteer Services</b>	<b>Call Center and 2- 1-1 Program</b>	<b>Flood Relief</b>	<b>Family and Childcare Support</b>	<b>Membership and Administrative Support</b>	<b>Matching Funds</b>	<b>Total</b>
Revenue, gains and other support							
2-1-1 and call center	\$ -	\$ 10,835,578	\$ -	\$ -	\$ -	\$ -	\$ 10,835,578
AmeriCorps grant revenue	2,858,702	-	-	-	-	-	2,858,702
Statewide childcare initiative	-	-	-	658,965	-	-	658,965
Membership dues	-	-	-	-	247,142	-	247,142
Other grant revenue	-	-	-	-	42,747	-	42,747
Service fees earned	-	-	-	-	6,000	-	6,000
Rental income	-	-	-	-	4,800	-	4,800
Contributions	-	-	188,464	-	25,559	5,150	219,173
Investment income	-	-	-	-	39	-	39
Miscellaneous income	5,672	15,212	500	-	153,583	-	174,967
<b>Total revenue, gains and other support</b>	<b>2,864,374</b>	<b>10,850,790</b>	<b>188,964</b>	<b>658,965</b>	<b>479,870</b>	<b>5,150</b>	<b>15,048,113</b>
Expenses:							
Salaries and benefits	262,915	7,413,170	3,661	-	729,065	81,457	8,490,268
Professional development and travel	37,137	28,883	293	-	97,604	1,396	165,313
Bad debt expense	-	8,050	-	-	-	-	8,050
Professional fees and contract services	17,050	254,867	281	-	163,383	1,728	437,309
Programs and operations	13,671	179,062	243	-	236,376	1,307	430,659
Occupancy	-	253,862	-	-	438,998	1,328	694,188
Telephone	124	1,236,318	-	-	49,847	1,624	1,287,913
Allocations	22,388	1,185,066	187	-	(1,222,893)	9,675	(5,577)
Interest expense	-	-	-	-	6,051	-	6,051
Community awards, grants and subcontracts	2,511,089	-	176,715	658,965	13,250	1,795	3,361,814
<b>Total expenses</b>	<b>2,864,374</b>	<b>10,559,278</b>	<b>181,380</b>	<b>658,965</b>	<b>511,681</b>	<b>100,310</b>	<b>14,875,988</b>
Change in Net Assets	\$ -	\$ 291,512	\$ 7,584	\$ -	\$ (31,811)	\$ (95,160)	\$ 172,125

See independent auditors' report.

## ***Compliance Section***

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of The Financial Statements Performed In Accordance With *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way Association of South Carolina, Inc. (the "Association"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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, and have issued our report thereon dated May 4, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina**  
**May 4, 2018**

## **Independent Auditors' Report On Compliance For Each Major Federal Program and on Internal Control Over Compliance Required By The Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited United Way Association of South Carolina, Inc. (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended December 31, 2017. The Association's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal program.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

***Report on Internal Control over Compliance***

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Greenville, South Carolina  
May 4, 2018**

**United Way Association Of South Carolina, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2017**

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass- Through Grantor's Number</b>	<b>Total Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
Corporation for National and Community Service:				
Direct Programs:				
AmeriCorps - Formula	94.006	N/A	\$ 1,412,442	\$ 1,399,242
AmeriCorps - Competitive	94.006	N/A	128,638	128,638
AmeriCorps - Fixed	94.006	N/A	1,155,719	1,155,719
Total AmeriCorps			<u>2,696,799</u>	<u>2,683,599</u>
State Commissions: AmeriCorps Recovery - Administrative	94.003	N/A	<u>303,085</u>	<u>-</u>
Training and Technical Assistance - AmeriCorps	94.009	N/A	109,029	-
Training and Technical Assistance - AmeriCorps	94.009	N/A	<u>38,717</u>	<u>-</u>
Total Training and Technical Assistance - AmeriCorps			<u>147,746</u>	<u>-</u>
Total Corporation for National and Community Service Direct Programs:			<u>3,147,630</u>	<u>2,683,599</u>
Total Expenditures of Federal Awards			<u>\$ 3,147,630</u>	<u>\$ 2,683,599</u>

## **Notes to Schedule of Expenditures of Federal Awards**

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of United Way Association of South Carolina, Inc. (the "Association") under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance 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*. Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Association.

### **2. Summary of Significant Account Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement

The Association has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**United Way Association Of South Carolina, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2017**

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**Part I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting: Material weakness(es) identified?

\_\_\_\_\_ Yes \_\_\_\_\_  No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes \_\_\_\_\_  None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes \_\_\_\_\_  No

Federal Awards

Internal control over major program: Material weakness(es) identified?

\_\_\_\_\_ Yes \_\_\_\_\_  No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes \_\_\_\_\_  None reported

Type of auditors’ report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of Uniform Guidance?

\_\_\_\_\_ Yes \_\_\_\_\_  No

Identification of major program:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
94.006	AmeriCorps

Dollar threshold used to distinguish between Type A and Type B programs:

\_\_\_\_\_ \$750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes \_\_\_\_\_  No

**United Way Association Of South Carolina, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2017**

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**Part II – Financial Statement Findings**

There are no matters that are required to be reported for the year ended December 31, 2017.

**Part III – Federal Award Findings and Questioned Costs**

There are no matters that are required to be reported for the year ended December 31, 2017.