United Way Association of South Carolina, Inc.

Financial Statements and Supplementary Information

Years Ended December 31, 2017 and 2016
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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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$989,867</td>
<td>$175,608</td>
</tr>
<tr>
<td>Grants and contracts receivable, net</td>
<td>1,382,020</td>
<td>2,532,688</td>
</tr>
<tr>
<td>Dues receivable</td>
<td>$20,899</td>
<td>6,576</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$80,191</td>
<td>90,622</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,472,977</td>
<td>2,805,494</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>266,501</td>
<td>517,216</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$2,739,478</td>
<td>$3,322,710</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit payable</td>
<td>$</td>
<td>$499,999</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$655,497</td>
<td>1,670,563</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$158,089</td>
<td>239,790</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$53,993</td>
<td>56,409</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>867,579</td>
<td>2,466,761</td>
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</tbody>
</table>

Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated net assets</td>
<td>1,716,785</td>
<td>693,651</td>
</tr>
<tr>
<td>Board designated net assets</td>
<td>150,114</td>
<td>150,049</td>
</tr>
<tr>
<td>Total unrestricted net assets</td>
<td>1,866,899</td>
<td>843,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporarily restricted net assets</td>
<td>5,000</td>
<td>12,249</td>
</tr>
<tr>
<td>Total net assets</td>
<td>1,871,899</td>
<td>855,949</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$2,739,478</td>
<td>$3,322,710</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains and other support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-1-1 and call center</td>
<td>$8,447,958</td>
<td>$767,483</td>
<td>$9,215,441</td>
</tr>
<tr>
<td>AmeriCorps grant revenue</td>
<td>3,160,853</td>
<td></td>
<td>3,160,853</td>
</tr>
<tr>
<td>Statewide childcare initiative</td>
<td>428,970</td>
<td></td>
<td>428,970</td>
</tr>
<tr>
<td>Membership dues</td>
<td>290,859</td>
<td>8,000</td>
<td>298,859</td>
</tr>
<tr>
<td>Other grant revenue</td>
<td>-</td>
<td>34,000</td>
<td>34,000</td>
</tr>
<tr>
<td>Rental income</td>
<td>4,800</td>
<td></td>
<td>4,800</td>
</tr>
<tr>
<td>Contributions</td>
<td>3,677</td>
<td>10,000</td>
<td>13,677</td>
</tr>
<tr>
<td>Investment income</td>
<td>30</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>228,969</td>
<td></td>
<td>228,969</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>826,732</td>
<td>(826,732)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>$13,392,848</td>
<td>(7,249)</td>
<td>$13,385,599</td>
</tr>
</tbody>
</table>

| **Expenses:**                  |              |                        |         |
| Program services               | 11,805,902   |                        | 11,805,902 |
| Management and general         | 563,747      |                        | 563,747  |
| **Total expenses**             | 12,369,649   |                        | 12,369,649 |

| **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**    | $1,866,899  | $5,000                  | $1,871,899 |

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

<table>
<thead>
<tr>
<th>Revenues, gains and other support:</th>
<th>2016</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Total</td>
</tr>
<tr>
<td>2-1-1 and call center</td>
<td>$10,010,908</td>
<td>$824,670</td>
<td>$10,835,578</td>
</tr>
<tr>
<td>AmeriCorps grant revenue</td>
<td>2,858,702</td>
<td>-</td>
<td>2,858,702</td>
</tr>
<tr>
<td>Statewide childcare initiative</td>
<td>658,965</td>
<td>-</td>
<td>658,965</td>
</tr>
<tr>
<td>Membership dues</td>
<td>247,142</td>
<td>-</td>
<td>247,142</td>
</tr>
<tr>
<td>Other grant revenue</td>
<td>42,747</td>
<td>-</td>
<td>42,747</td>
</tr>
<tr>
<td>Service fees earned</td>
<td>6,000</td>
<td>-</td>
<td>6,000</td>
</tr>
<tr>
<td>Rental income</td>
<td>4,800</td>
<td>-</td>
<td>4,800</td>
</tr>
<tr>
<td>Contributions</td>
<td>22,360</td>
<td>196,813</td>
<td>219,173</td>
</tr>
<tr>
<td>Investment income</td>
<td>39</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>174,967</td>
<td>-</td>
<td>174,967</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,026,439</td>
<td>(1,026,439)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>15,053,069</td>
<td>(4,956)</td>
<td>15,048,113</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>14,875,988</td>
<td>-</td>
<td>14,875,988</td>
</tr>
<tr>
<td>Management and general</td>
<td>657,877</td>
<td>-</td>
<td>657,877</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>15,533,865</td>
<td>-</td>
<td>15,533,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in net assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(480,796)</td>
<td>(4,956)</td>
<td>(485,752)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets at beginning of Year</th>
<th>1,324,496</th>
<th>17,205</th>
<th>1,341,701</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at end of Year</td>
<td>$843,700</td>
<td>$12,249</td>
<td>$855,949</td>
</tr>
</tbody>
</table>

See accompanying notes.
Statement of Functional Expenses
Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Volunteer Services</td>
<td>Disaster Relief Services</td>
</tr>
<tr>
<td>2-1-1 Services</td>
<td>Childcare Support</td>
</tr>
<tr>
<td>Matching Funds</td>
<td>Other Programs</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>Management and General Expenses</td>
</tr>
</tbody>
</table>

| Salaries and benefits | $299,278 | $5,228 | $5,084,475 | $84,044 | $601,599 | $6,074,624 | $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 | 211,132 | 531,657 |
| Programs and operations | $34,121 | - | $170,755 | 30 | - | 237,963 | 442,869 | 26,163 | 469,032 |
| Occupancy | $12,960 | - | $216,904 | - | 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 |
| Total expenses | $3,151,631 | $17,792 | $7,572,153 | $429,002 | $95,849 | $539,475 | $11,805,902 | $563,747 | $12,369,649 |

See accompanying notes.
### United Way Association of South Carolina, Inc.

**Statement of Functional Expenses**

**Year Ended December 31, 2016**

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Volunteer Services</td>
<td>Flood Relief Services</td>
<td>2-1-1 Services</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$262,915</td>
<td>$3,661</td>
</tr>
<tr>
<td>Professional development and travel</td>
<td>37,137</td>
<td>293</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>17,050</td>
<td>281</td>
</tr>
<tr>
<td>Programs and operations</td>
<td>13,671</td>
<td>243</td>
</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>124</td>
<td>-</td>
</tr>
<tr>
<td>Allocations</td>
<td>22,388</td>
<td>187</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community awards, grants and subcontracts</td>
<td>2,511,089</td>
<td>176,715</td>
</tr>
</tbody>
</table>

Total expenses: 

- **Program Services**: $2,864,374, $181,380, $10,559,278, $658,965, $100,310, $511,681, $14,875,988, $657,877, $15,533,865
- **Supporting Services**: $583,254, $9,073,522

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See accompanying notes.
## Statements of Cash Flows

### Years Ended December 31, 2017 and 2016

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

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

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of change in net assets to net cash provided (used) by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$1,015,950</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>250,715</td>
</tr>
<tr>
<td>(Increase) decrease in grants and contracts receivable</td>
<td>1,150,668</td>
</tr>
<tr>
<td>Increase in dues receivable</td>
<td>(14,323)</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>10,431</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(1,015,066)</td>
</tr>
<tr>
<td>Decrease in designations payable</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>(81,701)</td>
</tr>
<tr>
<td>Decrease in deferred revenue</td>
<td>(2,416)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$1,314,258</td>
</tr>
<tr>
<td>Supplemental disclosure of cash flow data:</td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>$2,311</td>
</tr>
</tbody>
</table>

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.
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.
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:

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$323,000</td>
</tr>
</tbody>
</table>

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:

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC Department of Health and Environmental Control</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>SC Department of Social Services</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>SC Department of Health and Human Services</td>
<td>29%</td>
<td>38%</td>
</tr>
<tr>
<td>SC Corporation for National and Community Services</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>Other agencies</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

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
## Schedule of Revenues, Expenses, and Changes in Net Assets by Program

For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Community and Volunteer Services</th>
<th>Call Center and 2-1-1 Program</th>
<th>Disaster Relief</th>
<th>Family and Childcare Support</th>
<th>Membership and Administrative Support</th>
<th>Matching Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, gains and other support</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 9,215,441</td>
</tr>
<tr>
<td>2-1-1 and call center</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 9,215,441</td>
</tr>
<tr>
<td>AmeriCorps grant revenue</td>
<td>3,160,853</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,160,853</td>
</tr>
<tr>
<td>Statewide childcare initiative</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>428,970</td>
<td>-</td>
<td>-</td>
<td>428,970</td>
</tr>
<tr>
<td>Membership dues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>298,859</td>
<td>-</td>
<td>298,859</td>
</tr>
<tr>
<td>Other grant revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34,000</td>
<td>-</td>
<td>-</td>
<td>34,000</td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,800</td>
<td>-</td>
<td>-</td>
<td>4,800</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,677</td>
<td>-</td>
<td>-</td>
<td>13,677</td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>30</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,550</td>
<td>91,623</td>
<td>-</td>
<td>135,796</td>
<td>-</td>
<td>-</td>
<td>228,969</td>
</tr>
<tr>
<td>Total revenue, gains and other support</td>
<td>3,162,403</td>
<td>9,307,064</td>
<td>-</td>
<td>428,970</td>
<td>487,162</td>
<td>-</td>
<td>13,385,599</td>
</tr>
</tbody>
</table>

### Expenses:

<table>
<thead>
<tr>
<th></th>
<th>Salaries and benefits</th>
<th>Professional development and travel</th>
<th>Bad debt expense</th>
<th>Professional fees and contract services</th>
<th>Programs and operations</th>
<th>Occupancy</th>
<th>Telephone</th>
<th>Allocations</th>
<th>Interest expense</th>
<th>Community awards, grants and subcontracts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>299,278</td>
<td>42,309</td>
<td>-</td>
<td>72,906</td>
<td>34,121</td>
<td>12,960</td>
<td>2,457</td>
<td>-</td>
<td>-</td>
<td>2,687,600</td>
<td>3,151,631</td>
</tr>
<tr>
<td></td>
<td>5,084,475</td>
<td>31,074</td>
<td>-</td>
<td>283,488</td>
<td>170,755</td>
<td>218,904</td>
<td>702,073</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,572,153</td>
</tr>
<tr>
<td></td>
<td>5,228</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,792</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>429,002</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>539,475</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>95,849</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,805,902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total expenses</th>
<th>Change in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,151,631</td>
<td>$ 10,772</td>
</tr>
<tr>
<td></td>
<td>7,572,153</td>
<td>$ 1,734,911</td>
</tr>
<tr>
<td></td>
<td>17,792</td>
<td>$ (17,792)</td>
</tr>
<tr>
<td></td>
<td>429,002</td>
<td>$ (32)</td>
</tr>
<tr>
<td></td>
<td>539,475</td>
<td>$ (52,313)</td>
</tr>
<tr>
<td></td>
<td>95,849</td>
<td>$ (95,849)</td>
</tr>
<tr>
<td></td>
<td>11,805,902</td>
<td>$ 1,579,697</td>
</tr>
</tbody>
</table>

### 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

<table>
<thead>
<tr>
<th>Revenue, gains and other support</th>
<th>Community and Volunteer Services</th>
<th>Call Center and 2-1-1 Program</th>
<th>Flood Relief</th>
<th>Family and Childcare Support</th>
<th>Membership and Administrative Support</th>
<th>Matching Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-1-1 and call center</td>
<td>$</td>
<td>$ 10,835,578</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 10,835,578</td>
</tr>
<tr>
<td>AmeriCorps grant revenue</td>
<td>2,858,702</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,858,702</td>
</tr>
<tr>
<td>Statewide childcare initiative</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>658,965</td>
<td>-</td>
<td>658,965</td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>247,142</td>
<td>-</td>
<td>247,142</td>
<td></td>
</tr>
<tr>
<td>Other grant revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42,747</td>
<td>-</td>
<td>42,747</td>
<td></td>
</tr>
<tr>
<td>Service fees earned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,000</td>
<td>-</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,800</td>
<td>-</td>
<td>4,800</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>188,464</td>
<td>-</td>
<td>25,559</td>
<td>5,150</td>
<td>219,173</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>-</td>
<td>39</td>
<td>-</td>
<td>-</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>5,672</td>
<td>15,212</td>
<td>-</td>
<td>153,583</td>
<td>-</td>
<td>174,967</td>
<td></td>
</tr>
<tr>
<td>Total revenue, gains and other support</td>
<td>2,864,374</td>
<td>10,850,790</td>
<td>188,964</td>
<td>658,965</td>
<td>479,870</td>
<td>5,150</td>
<td>15,048,113</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>Community and Volunteer Services</th>
<th>Call Center and 2-1-1 Program</th>
<th>Flood Relief</th>
<th>Family and Childcare Support</th>
<th>Membership and Administrative Support</th>
<th>Matching Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>262,915</td>
<td>7,413,170</td>
<td>3,661</td>
<td>-</td>
<td>729,065</td>
<td>81,457</td>
<td>8,490,268</td>
</tr>
<tr>
<td>Professional development and travel</td>
<td>37,137</td>
<td>28,883</td>
<td>293</td>
<td>-</td>
<td>97,604</td>
<td>1,396</td>
<td>165,313</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>8,050</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,050</td>
</tr>
<tr>
<td>Professional fees and contract services</td>
<td>17,050</td>
<td>254,867</td>
<td>281</td>
<td>-</td>
<td>163,383</td>
<td>1,728</td>
<td>437,309</td>
</tr>
<tr>
<td>Programs and operations</td>
<td>13,671</td>
<td>179,062</td>
<td>243</td>
<td>-</td>
<td>236,376</td>
<td>1,307</td>
<td>430,659</td>
</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>253,862</td>
<td>-</td>
<td>-</td>
<td>438,998</td>
<td>1,328</td>
<td>694,188</td>
</tr>
<tr>
<td>Telephone</td>
<td>124</td>
<td>1,236,318</td>
<td>-</td>
<td>-</td>
<td>49,847</td>
<td>1,624</td>
<td>1,287,913</td>
</tr>
<tr>
<td>Allocations</td>
<td>22,388</td>
<td>1,185,066</td>
<td>187</td>
<td>(1,222,893)</td>
<td>9,675</td>
<td>(5,577)</td>
<td>3,361,814</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,051</td>
<td>-</td>
<td>-</td>
<td>6,051</td>
</tr>
<tr>
<td>Community awards, grants and subcontracts</td>
<td>2,511,089</td>
<td>-</td>
<td>176,715</td>
<td>658,965</td>
<td>13,250</td>
<td>1,795</td>
<td>3,361,814</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,864,374</td>
<td>10,559,278</td>
<td>181,380</td>
<td>658,965</td>
<td>511,681</td>
<td>100,310</td>
<td>14,875,988</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$</td>
<td>$ 291,512</td>
<td>$ 7,584</td>
<td>$</td>
<td>$ (31,811)</td>
<td>$ (95,160)</td>
<td>$ 172,125</td>
</tr>
</tbody>
</table>

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

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 ______ X ______ No

Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes ______ X ______ None reported

Noncompliance material to financial statements noted? ______ Yes ______ X ______ No

Federal Awards

Internal control over major program:
Material weakness(es) identified? ______ Yes ______ X ______ No

Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes ______ X ______ 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 ______ X ______ No

Identification of major program:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>94.006</td>
<td>AmeriCorps</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ______ Yes ______ X ______ No
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.