

United Way Association of South Carolina, Inc.

**Financial Statements and
Supplementary Information**

Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 10 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 10. 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Association adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2018. Our opinion is not modified with respect to that 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 September 30, 2019 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
September 30, 2019**

United Way Association of South Carolina, Inc.
Statements of Financial Position
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>As Adjusted 2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 287,428	\$ 989,867
Grants and contracts receivable, net	267,121	1,382,020
Dues receivable	18,978	20,899
Prepaid expenses	-	80,191
	<u>573,527</u>	<u>2,472,977</u>
Property and equipment, net	<u>4,511</u>	<u>266,501</u>
Total assets	<u>\$ 578,038</u>	<u>\$ 2,739,478</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 341,148	\$ 655,497
Accrued expenses	111,764	158,089
Deferred revenue	26,780	53,993
	<u>479,692</u>	<u>867,579</u>
Net assets:		
Net assets without donor restrictions		
Undesignated net assets	(245)	1,716,785
Board designated net assets	50,133	150,114
	<u>49,888</u>	<u>1,866,899</u>
Net assets with donor restrictions	<u>48,458</u>	<u>5,000</u>
Total net assets	<u>98,346</u>	<u>1,871,899</u>
Total liabilities and net assets	<u>\$ 578,038</u>	<u>\$ 2,739,478</u>

See accompanying notes.

United Way Association of South Carolina, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	2018		Total
	Without donor restrictions	With donor restrictions	
Revenues, gains and other support:			
2-1-1 and call center	\$ 1,189,567	\$ -	\$ 1,189,567
AmeriCorps grant revenue	2,592,544	-	2,592,544
Statewide childcare initiative	462,116	-	462,116
Membership dues	251,644	-	251,644
Other grant revenue	104,324	34,920	139,244
Rental income	4,400	-	4,400
Contributions	67,691	8,538	76,229
Investment income	23	-	23
Miscellaneous income	9,765	-	9,765
Total revenues, gains and other support	<u>4,682,074</u>	<u>43,458</u>	<u>4,725,532</u>
Expenses:			
Program services	6,420,037	-	6,420,037
Management and general	79,048	-	79,048
Total expenses	<u>6,499,085</u>	<u>-</u>	<u>6,499,085</u>
Change in net assets	(1,817,011)	43,458	(1,773,553)
Net assets at beginning of year	<u>1,866,899</u>	<u>5,000</u>	<u>1,871,899</u>
Net assets at end of year	<u>\$ 49,888</u>	<u>\$ 48,458</u>	<u>\$ 98,346</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		Total
	Without donor restrictions	With donor restrictions	
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 Functional Expenses
Year Ended December 31, 2018

	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	\$ 373,590	\$ -	\$ 932,947	\$ -	\$ 33,196	\$ 731,839	\$ 2,071,572	\$ 696	\$ 2,072,268
Professional development and travel	35,526	-	8,209	-	597	25,153	69,485	-	69,485
Bad debt expense	-	-	206,528	-	-	4,830	211,358	-	211,358
Professional fees and contract services	84,683	-	150,142	-	33,475	99,826	368,126	2,592	370,718
Programs and operations	36,096	-	72,945	-	1,458	278,894	389,393	57,382	446,775
Occupancy	5,978	-	128,323	-	4,689	249,245	388,235	17,816	406,051
Telephone	3,978	-	127,173	-	626	63,159	194,936	562	195,498
Allocations	-	-	212,604	-	46,547	(259,151)	-	-	-
Community awards, grants and subcontracts	2,091,854	100,000	311	528,954	-	5,813	2,726,932	-	2,726,932
Total expenses	\$ 2,631,705	\$ 100,000	\$ 1,839,182	\$ 528,954	\$ 120,588	\$ 1,199,608	\$ 6,420,037	\$ 79,048	\$ 6,499,085

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	Flood 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
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.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows provided (used) by operating activities:		
Cash received from 2-1-1 and call center	\$ 1,800,747	\$ 10,043,483
Cash received from grants	3,670,410	3,900,285
Cash received from membership dues	253,565	284,536
Cash received from service fees earned	-	31,480
Cash received from rental income	4,400	4,800
Cash received from contributions	76,229	13,677
Cash received from investment income	23	30
Cash received from miscellaneous income	9,765	241,237
Cash paid for community awards, grants, and subcontracts	(2,726,932)	(3,128,821)
Cash paid to employees for salaries and benefits	(2,107,684)	(6,603,582)
Cash paid for operating expenses	(1,276,911)	(2,880,365)
Cash paid for occupancy	(406,051)	(592,502)
	<u>(702,439)</u>	<u>1,314,258</u>
Cash flows from financing activities:		
Advances from credit line	-	871,002
Payments on credit line	-	(1,371,001)
	<u>-</u>	<u>(499,999)</u>
Net cash used by financing activities	<u>-</u>	<u>(499,999)</u>
Net increase (decrease) in cash and cash equivalents	(702,439)	814,259
Cash and cash equivalents at beginning of year	<u>989,867</u>	<u>175,608</u>
Cash and cash equivalents at end of year	<u>\$ 287,428</u>	<u>\$ 989,867</u>

(Continued)

United Way Association of South Carolina, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

(Continued)

	<u>2018</u>	<u>2017</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ (1,773,553)	\$ 1,015,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	149,007	250,715
Loss on disposal of property and equipment	112,983	-
Decrease in grants and contracts receivable	1,114,899	1,150,668
(Increase) decrease in dues receivable	1,921	(14,323)
Decrease in prepaid expenses	80,191	10,431
Decrease in accounts payable	(314,349)	(1,015,066)
Decrease in accrued expenses	(46,325)	(81,701)
Decrease in deferred revenue	(27,213)	(2,416)
Net cash provided (used) by operating activities	<u>\$ (702,439)</u>	<u>\$ 1,314,258</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ -</u>	<u>\$ 2,311</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 two classes of net assets: without donor restricted net assets and with donor restricted net assets. During fiscal year 2018, the Association adopted ASU No. 2016-14 – *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The fiscal year 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for disclosures around liquidity and availability of resources. This disclosure has been presented for 2018 as allowed by ASU No. 2016-14.

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

For 2018, net assets have been condensed into two net asset groups as follows:

Without donor restrictions: Without donor restricted 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.

With donor restrictions: With donor restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended or restricted by donors to be maintained in perpetuity. The portion of donor restricted net assets that is not maintained in perpetuity eventually will be reclassified to without donor restrictions, as their time and purpose requirements are met. Donor restricted net assets that are maintained in perpetuity are not reclassified since by definition, their restrictions never expire.

The net asset reclassifications resulting from the adoption of ASU 2016-14 as of December 31, 2017 are as follows:

	ASU 2016-14 Classification:		
	Without donor restrictions	With donor restrictions	Total
<u>Net asset classification</u>			
As previously presented:			
Unrestricted	\$ 1,866,899	\$ -	\$ 1,866,899
Temporarily restricted	-	5,000	5,000
Total	<u>\$ 1,866,899</u>	<u>\$ 5,000</u>	<u>\$ 1,871,899</u>

Contributions

Contributions are recorded as with or without donor restricted support, depending on the existence and/or nature of donor restrictions. Donor designations are recorded as designations payable on the Statement of Financial Position.

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, 2018 and 2017 was \$7,625 and \$100,088, 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 net assets with restrictions to net assets without restrictions at that time.

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

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, 2018 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 September 30, 2019 which is the date the financial statements were available to be issued.

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

3. Property and Equipment

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

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 46,936	\$ 885,207
Leasehold improvements	-	245,286
Software	-	<u>158,294</u>
	<u>46,936</u>	1,288,787
Less accumulated depreciation and amortization	<u>(42,425)</u>	<u>(1,022,286)</u>
Property and equipment, net	<u>\$ 4,511</u>	<u>\$ 266,501</u>

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 \$103,000 and \$238,000 in 2018 and 2017.

5. Net Assets with Donor Restrictions

The Association had net assets with donor restrictions of \$48,458 and \$5,000, respectively as of December 31, 2018 and 2017. As of December 31, 2018, these funds were restricted for use in the Crane Fund efforts, hurricane relief and employee campaign funds. As of December 31, 2017, these funds were restricted for use in the Crane Fund efforts.

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

	<u>2018</u>	<u>2017</u>
2-1-1 Program	\$ -	\$ 767,483
Columbia, SC Flood Relief	-	12,249
Crane fund	-	4,000
Other public support programs	-	<u>43,000</u>
Total restrictions released	<u>\$ -</u>	<u>\$ 826,732</u>

6. 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, 2018, 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.

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

Significant concentrations in revenues and receivables for 2018 and 2017 related to these agencies are outlined below:

	2018		2017	
	Revenues	Receivables	Revenues	Receivables
SC Department of Health and Environmental Control	8%	0%	21%	26%
SC Department of Social Services	10%	0%	16%	4%
SC Department of Health and Human Services	0%	57%	29%	15%
SC Corporation for National and Community Services	55%	0%	24%	44%
Other agencies	27%	43%	10%	11%
	100%	100%	100%	100%

7. Board Designated Net Assets

As of December 31, 2018 and 2017, approximately \$50,000 and \$150,000, respectively of net assets without donor restrictions was designated by the board of directors as a reserve fund.

8. 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 on September 25, 2019. There was no outstanding balance on the line of credit as of December 31, 2018.

9. Liquidity and Availability

The Association's liquidity management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at December 31, 2018:

Cash and cash equivalents	\$ 287,428
Grants and contracts receivable, net	267,121
Dues receivable	18,978
	\$ 573,527

10. 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 2017. Work on the Association's grant from DSS, which was the Association's third largest source of revenues, was completed November 2017. During 2018, work on the largest remaining source of revenue, DHEC contract, was completed. 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 2017 and 2018 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, 2018

	Community and Volunteer Services	Call Center and 2-1-1 Program	Disaster Relief	Family and Childcare Support	Membership and Administrative Support	Matching Funds	Total
Revenue, gains and other support							
2-1-1 and call center	\$ -	\$ 1,189,567	\$ -	\$ -	\$ -	\$ -	\$ 1,189,567
AmeriCorps grant revenue	2,592,544	-	-	-	-	-	2,592,544
Statewide childcare initiative	-	-	-	462,116	-	-	462,116
Membership dues	-	-	-	-	251,644	-	251,644
Other grant revenue	-	-	100,000	-	39,244	-	139,244
Rental income	-	-	-	-	4,400	-	4,400
Contributions	-	60	2,000	-	74,169	-	76,229
Investment income	-	-	-	-	23	-	23
Miscellaneous income	-	1,550	-	-	8,215	-	9,765
Total revenue, gains and other support	2,592,544	1,191,177	102,000	462,116	377,695	-	4,725,532
Expenses:							
Salaries and benefits	373,590	932,947	-	-	731,839	33,196	2,071,572
Professional development and travel	35,526	8,209	-	-	25,153	597	69,485
Bad debt expense	-	206,528	-	-	4,830	-	211,358
Professional fees and contract services	84,683	150,142	-	-	99,826	33,475	368,126
Programs and operations	36,096	72,945	-	-	278,894	1,458	389,393
Occupancy	5,978	128,323	-	-	249,245	4,689	388,235
Telephone	3,978	127,173	-	-	63,159	626	194,936
Allocations	-	212,604	-	-	(259,151)	46,547	-
Community awards, grants and subcontracts	2,091,854	311	100,000	528,954	5,813	-	2,726,932
Total expenses	2,631,705	1,839,182	100,000	528,954	1,199,608	120,588	6,420,037
Change in net assets	\$ (39,161)	\$ (648,005)	\$ 2,000	\$ (66,838)	\$ (821,913)	\$ (120,588)	\$ (1,694,505)

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, 2017

	Community and Volunteer Services	Call Center and 2-1-1 Program	Flood Relief	Family and Childcare Support	Membership and Administrative Support	Matching Funds	Total
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
Total revenue, gains and other support	3,162,403	9,307,064	-	428,970	487,162	-	13,385,599
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
Total expenses	3,151,631	7,572,153	17,792	429,002	539,475	95,849	11,805,902
Change in Net Assets	\$ 10,772	\$ 1,734,911	\$ (17,792)	\$ (32)	\$ (52,313)	\$ (95,849)	\$ 1,579,697

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, 2018 and 2017, 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 September 30, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as finding 2018-001, that we consider to be a material weakness.

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
September 30, 2019**

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, 2018. 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, 2018.

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
September 30, 2019

**United Way Association Of South Carolina, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018**

Federal Grantor/Program Title	CFDA Number	Pass- Through Grantor's Number	Total Federal Expenditures	Expenditures to Subrecipients
Corporation for National and Community Service:				
Direct Programs:				
AmeriCorps - Formula	94.006	N/A	\$ 1,234,454	\$ 1,234,454
AmeriCorps - Competitive	94.006	N/A	561,378	561,378
AmeriCorps - Fixed	94.006	N/A	326,947	326,947
Total AmeriCorps			<u>2,122,779</u>	<u>2,122,779</u>
State Commissions: AmeriCorps Recovery - Administrative	94.003	N/A	244,857	-
Training and Technical Assistance - AmeriCorps	94.009	N/A	176,881	-
Total Corporation for National and Community Service			<u>2,544,517</u>	<u>2,122,779</u>
Total Expenditures of Federal Awards			<u>\$ 2,544,517</u>	<u>\$ 2,122,779</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, 2018. 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.

3. Contingencies

The Association's federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect its continued participation in specific programs. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time. However, the Association expects such amounts, if any, to be immaterial.

4. Categorization of Expenditures

The categorization of expenditures by program included in the schedule of expenditures of federal and state awards is based upon the grant documents. Changes in the categorization of expenditures occur based upon revisions to the Catalog of Federal Domestic Assistance (CFDA), which is issued in June and December of each year. The schedule of expenditures of federal awards for the year ended September 30, 2018 reflects CFDA changes issued through March 2018.

**United Way Association Of South Carolina, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2018**

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

Part II – Financial Statement Findings

Finding 2018–001 – Financial Reporting

Condition: The Association’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”).

Condition: The Association’s internal control over financial reporting does not result in preparation of financial statements for external purposes in accordance with GAAP.

Effect: In connection with the audit of the financial statements, significant adjusting journal entries were posted.

Cause: The Association has limited controls over the financial reporting process including the preparation of financial statements and note disclosures in accordance with GAAP.

Auditor’s recommendation: The Association’s internal control over financial reporting should be modified to present financial statements in accordance with GAAP.

Part III – Federal Award Findings and Questioned Costs

There are no matters that are required to be reported for the year ended December 31, 2018.

**United Way Association Of South Carolina, Inc.
Corrective Action Plan**

Contact Person: Christopher Nicholas

Management's Response: The Association is continuing to develop effective internal controls over financial reporting to ensure that financial statements are prepared in accordance with generally accepted accounting principles.

Proposed Completion Date: Beginning January 1, 2019 going forward