

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

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**Financial Statements and  
Supplementary Information**

**Years Ended December 31, 2019 and 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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.

**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 schedules 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 July 14, 2020 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  
July 14, 2020

**United Way Association of South Carolina, Inc.**  
**Statements of Financial Position**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 672,412	\$ 287,428
Grants and contracts receivable, net	568,319	267,121
Dues receivable	15,530	18,978
Prepaid expenses	4,137	-
Total current assets	<u>1,260,398</u>	<u>573,527</u>
Property and equipment, net	<u>4,203</u>	<u>4,511</u>
Total assets	<u>\$ 1,264,601</u>	<u>\$ 578,038</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 118,408	\$ 341,148
Accrued expenses	458,536	111,764
Deferred revenue	255,820	26,780
Total current liabilities	<u>832,764</u>	<u>479,692</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated net assets	113,654	(245)
Board designated net assets	310,000	50,133
Total net assets without donor restrictions	<u>423,654</u>	<u>49,888</u>
Net assets with donor restrictions	<u>8,183</u>	<u>48,458</u>
Total net assets	<u>431,837</u>	<u>98,346</u>
Total liabilities and net assets	<u>\$ 1,264,601</u>	<u>\$ 578,038</u>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2019**

	2019		Total
	Without donor restrictions	With donor restrictions	
Revenues, gains and other support:			
2-1-1 and call center	\$ 612,202	\$ -	\$ 612,202
AmeriCorps grant revenue	3,654,503	-	3,654,503
Statewide childcare initiative	517,651	-	517,651
Membership dues	294,613	683	295,296
Other grant revenue	27,586	-	27,586
Contributions	22,277	-	22,277
In-kind revenue	538,936	-	538,936
Investment income	1,356	-	1,356
Miscellaneous income	200,000	106,169	306,169
Forgiveness of amounts owed	131,691	-	131,691
Net assets released from restrictions	147,127	(147,127)	-
	<u>6,147,942</u>	<u>(40,275)</u>	<u>6,107,667</u>
Total revenues, gains and other support			
Expenses:			
Program services	5,471,894	-	5,471,894
Management and general	302,282	-	302,282
	<u>5,774,176</u>	<u>-</u>	<u>5,774,176</u>
Total expenses			
Change in net assets	373,766	(40,275)	333,491
Net assets at beginning of year	49,888	48,458	98,346
Net assets at end of year	<u>\$ 423,654</u>	<u>\$ 8,183</u>	<u>\$ 431,837</u>

See accompanying notes.

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

	<b>2018</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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
	<u>4,682,074</u>	<u>43,458</u>	<u>4,725,532</u>
Total revenues, gains and other support			
Expenses:			
Program services	6,420,037	-	6,420,037
Management and general	79,048	-	79,048
	<u>6,499,085</u>	<u>-</u>	<u>6,499,085</u>
Total expenses			
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 Functional Expenses  
Year Ended December 31, 2019

	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	Census	Total Program Services		Management and General
Salaries and benefits	\$ 404,972	\$ -	\$ 96,617	\$ -	\$ 9,810	\$ 99,747	\$ -	\$ 611,146	\$ 31,084	\$ 642,230
Professional development and travel	65,569	-	10,478	-	115	6,214	4,152	86,528	12,027	98,555
Bad debt expense	-	-	14,227	-	-	-	-	14,227	29,575	43,802
Professional fees and contract services	109,325	-	310,116	-	60,355	1,827	18,274	499,897	60,827	560,724
Programs and operations	86,927	138,689	4,509	-	539,047	3,335	5,160	777,667	79,992	857,659
Occupancy	21,679	-	3,097	-	-	7	-	24,783	75,401	100,184
Telephone	2,763	-	15,834	-	-	409	-	19,006	12,830	31,836
Community awards, grants and subcontracts	2,920,987	-	-	517,653	-	-	-	3,438,640	546	3,439,186
Total expenses	\$ 3,612,222	\$ 138,689	\$ 454,878	\$ 517,653	\$ 609,327	\$ 111,539	\$ 27,586	\$ 5,471,894	\$ 302,282	\$ 5,774,176

See accompanying notes.



United Way Association of South Carolina, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2018

	Program Services						Supporting Services		
	Community and Volunteer Services	Flood Relief	2-1-1 Services	Family and Childcare Support	Matching Funds	Membership Support and Other Programs	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 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	<u>\$ 2,631,705</u>	<u>\$ 100,000</u>	<u>\$ 1,839,182</u>	<u>\$ 528,954</u>	<u>\$ 120,588</u>	<u>\$ 1,199,608</u>	<u>\$ 6,420,037</u>	<u>\$ 79,048</u>	<u>\$ 6,499,085</u>

See accompanying notes.

**United Way Association of South Carolina, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows provided (used) by operating activities:		
Cash received from 2-1-1 and call center	\$ 642,229	\$ 1,800,747
Cash received from grants	4,110,538	3,670,410
Cash received from membership dues	285,761	253,565
Cash received from rental income	-	4,400
Cash received from contributions	22,277	76,229
Cash received from investment income	1,356	23
Cash received from miscellaneous income	437,860	9,765
Cash paid for community awards, grants, and subcontracts	(3,439,186)	(2,726,932)
Cash paid to employees for salaries and benefits	(643,896)	(2,107,684)
Cash paid for operating expenses	(927,669)	(1,276,911)
Cash paid for occupancy	(100,184)	(406,051)
	<u>389,086</u>	<u>(702,439)</u>
Net cash provided (used) by operating activities		
Purchases of property and equipment	<u>(4,102)</u>	-
Net cash used by financing activities	<u>(4,102)</u>	-
Net increase (decrease) in cash and cash equivalents	384,984	(702,439)
Cash and cash equivalents at beginning of year	<u>287,428</u>	989,867
Cash and cash equivalents at end of year	<u>\$ 672,412</u>	<u>\$ 287,428</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 333,491	\$ (1,773,553)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,410	149,007
Bad debt expense	43,802	211,358
Forgiveness of amounts owed	(131,691)	-
Loss on disposal of property and equipment	-	112,983
(Increase) decrease in grants and contracts receivable	(345,000)	903,541
Decrease in dues receivable	3,448	1,921
(Increase) decrease in prepaid expenses	(4,137)	80,191
Decrease in accounts payable	(91,049)	(314,349)
Increase (decrease) in accrued expenses	346,772	(46,325)
Increase (decrease) in deferred revenue	229,040	(27,213)
	<u>389,086</u>	<u>(702,439)</u>
Net cash provided (used) by operating activities		

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.
- Statewide childcare initiative: The Association acts as an intermediary for state funds that are granted to local United Ways across the state for the purpose of providing after school care and regular childcare. The grant is a 10-15% match for locally invested funds in the aforementioned programs. The Association reports to the Department of Social Services the aggregate disbursement and service data on a quarterly basis.
- Census: The SC Counts 2020 census project is a partnership with the South Carolina Grantmakers Network and the New Venture Fund. The Association manages the project and the fund disbursement to sub-grantees who work to increase census participation amongst traditionally hard-to-count populations in the state.
- AmeriCorps: The Association acts as an intermediary for the AmeriCorps program for funds that are utilized for education, environmental stewardship, financial stability, disaster response, and healthy futures.

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

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During the year ended December 31, 2018, there was substantial doubt about the Association's ability to continue as a going concern. As a result of this, management implemented cost saving measures that significantly reduced costs that allowed the Association to better monitor and maintain cash flows and to improve operating efficiencies through these cost reduction efforts. Based on these measures implemented by management, it is probable that management will meet its obligations for the twelve-month period from the date the financial statements are available to be issued.

## **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.

Net assets have been presented 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.

### ***Contributions***

Contributions are recorded as with or without donor restricted support, depending on the existence and/or nature of donor 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, 2019 and 2018 was \$40,294 and \$7,625, 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**

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***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, Census 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 income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Association has determined that there are no material unrecognized tax benefits or obligations as of December 31, 2019.

***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.

**3. Property and Equipment**

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

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 51,038	\$ 46,936
Less accumulated depreciation	<u>(46,835)</u>	<u>(42,425)</u>
Property and equipment, net	<u>\$ 4,203</u>	<u>\$ 4,511</u>

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

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**4. Net Assets with Donor Restrictions**

The Association had net assets with donor restrictions of \$8,183 and \$48,458, respectively as of December 31, 2019 and 2018. As of December 31, 2019, these funds were restricted for use in the crane fund efforts, employee campaign Funds, and self-sufficiency standard. As of December 31, 2018, these funds were restricted for use in the crane fund efforts, hurricane relief and employee campaign funds.

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

	<u>2019</u>	<u>2018</u>
Hurricane relief	\$ 138,589	\$ -
Employee campaign funds	<u>8,538</u>	<u>-</u>
Total restrictions released	<u>\$ 147,127</u>	<u>\$ -</u>

**5. 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, 2019, 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 2019 and 2018 related to these agencies are outlined below:

	<u>2019</u>		<u>2018</u>	
	<u>Revenues</u>	<u>Receivables</u>	<u>Revenues</u>	<u>Receivables</u>
SC Department of Health and Environmental Control	0%	0%	8%	0%
SC Department of Social Services	8%	0%	10%	0%
SC Department of Health and Human Services	0%	0%	0%	57%
SC Corporation for National and Community Services	60%	88%	55%	0%
Other agencies	<u>32%</u>	<u>12%</u>	<u>27%</u>	<u>43%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

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**6. Board Designated Net Assets**

As of December 31, 2019 and 2018, approximately \$310,000 and \$50,000, respectively of net assets without donor restrictions was designated by the board of directors as a reserve fund.

**7. Line of Credit**

The Association has a line of credit agreement with a bank for \$300,000 with an interest rate of prime plus .5%. This line of credit matures on September 25, 2020. There was no outstanding balance on the line of credit as of December 31, 2019.

**8. 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 at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 672,412	\$ 287,428
Grants and contracts receivable, net	568,319	267,121
Dues receivable	15,530	18,978
	<u>\$ 1,256,261</u>	<u>\$ 573,527</u>

**9. Subsequent Events**

Subsequent events have been evaluated through July 14, 2020 which is the date the financial statements were available to be issued.

Subsequent to the statement of financial position date, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus may disrupt our business along with the business of our customers. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on our financial condition, results of operations, and cash flows. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

***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, 2019**

	<b>Community and Volunteer Services</b>	<b>Call Center and 2-1-1 Program</b>	<b>Disaster Relief</b>	<b>Family and Childcare Support</b>	<b>Membership and Administrative Support</b>	<b>Matching Funds</b>	<b>Census</b>	<b>Total</b>
Revenue, gains and other support:								
2-1-1 and call center	\$ -	\$ 612,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,202
AmeriCorps grant revenue	3,654,503	-	-	-	-	-	-	3,654,503
Statewide childcare initiative	-	-	-	517,651	-	-	-	517,651
Membership dues	-	-	-	-	295,296	-	-	295,296
Other grant revenue	-	-	-	-	-	-	27,586	27,586
Contributions	-	-	-	-	22,277	-	-	22,277
In-kind revenue	-	-	-	-	-	538,936	-	538,936
Investment income	-	-	-	-	1,356	-	-	1,356
Miscellaneous income	-	-	-	-	306,169	-	-	306,169
Forgiveness of amounts owed	-	-	-	-	131,691	-	-	131,691
<b>Total revenue, gains and other support</b>	<b>3,654,503</b>	<b>612,202</b>	<b>-</b>	<b>517,651</b>	<b>756,789</b>	<b>538,936</b>	<b>27,586</b>	<b>6,107,667</b>
Expenses:								
Salaries and benefits	404,972	96,617	-	-	99,747	9,810	-	611,146
Professional development and travel	65,569	10,478	-	-	6,214	115	4,152	86,528
Bad debt expense	-	14,227	-	-	-	-	-	14,227
Professional fees and contract services	109,325	310,116	-	-	1,827	60,355	18,274	499,897
Programs and operations	86,927	4,509	138,689	-	3,335	539,047	5,160	777,667
Occupancy	21,679	3,097	-	-	7	-	-	24,783
Telephone	2,763	15,834	-	-	409	-	-	19,006
Community awards, grants and subcontracts	2,920,987	-	-	517,653	-	-	-	3,438,640
<b>Total expenses</b>	<b>3,612,222</b>	<b>454,878</b>	<b>138,689</b>	<b>517,653</b>	<b>111,539</b>	<b>609,327</b>	<b>27,586</b>	<b>5,471,894</b>
<b>Change in net assets</b>	<b>\$ 42,281</b>	<b>\$ 157,324</b>	<b>\$ (138,689)</b>	<b>\$ (2)</b>	<b>\$ 645,250</b>	<b>\$ (70,391)</b>	<b>\$ -</b>	<b>\$ 635,773</b>

See independent auditors' report.

**United Way Association of South Carolina, Inc.**  
**Schedule of Revenues, Expenses, and Changes in Net Assets by Program**  
**For the Year Ended December 31, 2018**

	<b>Community and Volunteer Services</b>	<b>Call Center and 2-1-1 Program</b>	<b>Flood Relief</b>	<b>Family and Childcare Support</b>	<b>Membership and Administrative Support</b>	<b>Matching Funds</b>	<b>Total</b>
Revenue, gains and other support:							
2-1-1 and call center	\$ -	\$ 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
<b>Total revenue, gains and other support</b>	<b>2,592,544</b>	<b>1,191,177</b>	<b>102,000</b>	<b>462,116</b>	<b>377,695</b>	<b>-</b>	<b>4,725,532</b>
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
<b>Total expenses</b>	<b>2,631,705</b>	<b>1,839,182</b>	<b>100,000</b>	<b>528,954</b>	<b>1,199,608</b>	<b>120,588</b>	<b>6,420,037</b>
Change in net assets	\$ (39,161)	\$ (648,005)	\$ 2,000	\$ (66,838)	\$ (821,913)	\$ (120,588)	\$ (1,694,505)

**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, 2019 and 2018, 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 July 14, 2020.

### ***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 2019-001, 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*.

***The Association's Response to the Finding***

The Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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  
July 14, 2020**



## **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, 2019. 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, 2019.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as finding 2019-002, that we consider to be significant deficiency.

The Association's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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**  
**July 14, 2020**

**United Way Association Of South Carolina, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2019**

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass - Through Grantor's Number</b>	<b>Total Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
Corporation for National and Community Service:				
Direct Programs:				
AmeriCorps - Formula	94.006	N/A	\$ 1,374,085	\$ 1,374,085
AmeriCorps - Competitive	94.006	N/A	645,584	645,584
AmeriCorps - Fixed	94.006	N/A	356,953	356,953
Total AmeriCorps			<u>2,376,622</u>	<u>2,376,622</u>
State Commissions: AmeriCorps Recovery - Administrative	94.003	N/A	<u>418,727</u>	<u>-</u>
Training and Technical Assistance - AmeriCorps	94.009	N/A	<u>237,587</u>	<u>-</u>
Volunteer Generation Fund	94.021	N/A	<u>170,651</u>	<u>-</u>
Total Corporation for National and Community Service Direct Programs			<u>3,203,587</u>	<u>2,376,622</u>
Total Expenditures for Federal Awards			<u>\$ 3,203,587</u>	<u>\$ 2,376,622</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, 2019. 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 December 31, 2019 reflects CFDA changes issued through August 2019.

**United Way Association Of South Carolina, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2019**

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

Financial Statements

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

Unmodified

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

Yes  No

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

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

Federal Awards

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

Yes  No

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

Yes  None reported

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

Unmodified

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

Yes  No

Identification of major program:

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

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

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

## **Part II – Financial Statement Findings**

### ***Finding 2019–001 – 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”).

Criteria: 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 related to cutoff around AmeriCorps revenues and expenses for subrecipient activity.

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**

### ***Finding 2019–002 – Subrecipient Monitoring***

Condition: The Association’s internal control over compliance is a process designed to provide reasonable assurance regarding the reliability of the schedule of expenditures of federal awards in accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Criteria: The Association’s internal control over compliance related to subrecipients should result in satisfactory results from on-site compliance visits and provide reasonable assurance around subrecipient monitoring.

Effect: In connection with the Association’s review of subgrantee compliance, the Association was required to pay an assessed disallowance of approximately \$27,000.

Questioned Costs: From review of an on-site compliance visit, \$27,000 was determined to be the assessed disallowance by NSCHC.

Cause: Instances of non-compliance found by either the Association or CNCS resulted in an assessed disallowance.

Auditor’s recommendation: We recommend the policies and procedures over subrecipient monitoring to be updated to increase monitoring activities related to subrecipients.

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#### **Part IV – Corrective Action Plan**

Contact Person: Christopher Nicholas

Management's Response: The Association is continuing to develop effective internal controls over financial reporting and compliance to ensure that the financial statements are prepared in accordance with generally accepted accounting principles and the schedule of expenditures of federal awards is prepared in accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Association has also implemented a subrecipient monitoring policy to regularly review subrecipients, subrecipient risk assessments, review results of subrecipient findings, and other related issues brought to the Association's attention.

Proposed Completion Date: Beginning January 1, 2020 going forward

**Part V – Summary Schedule of Prior Audit 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.

Current Status: See similar weakness noted during the 2019 audit.