

UNITED WAY of KERSHAW COUNTY  
Camden, South Carolina

FINANCIAL STATEMENTS  
Year Ended December 31, 2022

2022

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# SHEHEEN, HANCOCK & GODWIN, LLP

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FOUNDED 1959

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May 18, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Way of Kershaw County  
Camden, South Carolina

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of United Way of Kershaw County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Kershaw County as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Kershaw County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Kershaw County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Kershaw County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Kershaw County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and 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 underlying accounting and other records used to prepare the financial statements or 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023, on our consideration of United Way of Kershaw County'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 solely 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 effectiveness of United Way of Kershaw County's 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 United Way of Kershaw County's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

The financial statements of the United Way of Kershaw County as of and for the year ended December 31, 2021, whose report is dated March 28, 2022, expressed an unmodified audit opinion, were audited in accordance with auditing standards generally accepted in the United States of America. The condensed comparative information presented herein as of and for the year ended December 31, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock & Godwin, LLP  
Camden, South Carolina

United Way of Kershaw County  
 STATEMENT of FINANCIAL POSITION  
 December 31, 2022

EXHIBIT A

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Only) Total
<b>ASSETS</b>				
Cash in Bank Accounts	\$ 385,957	\$ -	\$ 385,957	\$ 463,979
Pledges Receivable Less Allowance for Uncollectible of \$60,000 in 2022 and 2021	288,647	-	288,647	301,032
Grant and Other Receivables	234,730	-	234,730	98,642
Due from Other Funds	(542,236)	542,236	-	-
Prepaid Campaign Expenses	68,271	-	68,271	64,512
Property and Equipment, Net	958,408	-	958,408	898,014
<b>Total Assets</b>	<b>\$ 1,393,777</b>	<b>\$ 542,236</b>	<b>\$ 1,936,013</b>	<b>\$ 1,826,179</b>
<b>LIABILITIES and NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 46,651	\$ -	\$ 46,651	\$ 52,265
Accounts Payable-Designated Affiliates	46,363	-	46,363	-
Deferred Grants and Revenues	102,385	-	102,385	189,132
Notes Payable, Current Portion	23,490	-	23,490	25,118
Security Deposits	725	-	725	725
<b>Total Current Liabilities</b>	<b>219,614</b>	<b>-</b>	<b>219,614</b>	<b>267,240</b>
Long-term Debt, Less Current Portion	305,579	-	305,579	328,845
<b>Total Liabilities</b>	<b>525,193</b>	<b>-</b>	<b>525,193</b>	<b>596,085</b>
<b>NET ASSETS</b>				
Without Donor Restrictions	868,584	-	868,584	701,574
With Donor Restrictions	-	542,236	542,236	528,520
<b>Total Net Assets</b>	<b>868,584</b>	<b>542,236</b>	<b>1,410,820</b>	<b>1,230,094</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,393,777</b>	<b>\$ 542,236</b>	<b>\$ 1,936,013</b>	<b>\$ 1,826,179</b>

The Accompanying Notes are an Integral Part of these Financial Statements

United Way of Kershaw County  
STATEMENT of ACTIVITIES  
Year Ended December 31, 2022

EXHIBIT B

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Only) Total
<b>PUBLIC SUPPORT and REVENUE</b>				
<b>PUBLIC SUPPORT</b>				
Annual Campaign Support (Net of Estimated Uncollectible Pledges of \$60,000)	\$ 149,488	\$ 548,562	\$ 698,050	\$ 760,007
Public Support from Prior Campaigns	(21,715)	-	(21,715)	(43,375)
Annual Support Released from Restriction	528,518	(528,518)	-	-
Total Public Support	<u>656,291</u>	<u>20,044</u>	<u>676,335</u>	<u>716,632</u>
<b>REVENUE</b>				
Grant Revenue-Federal	536	1,065,702	1,066,238	516,661
Grant Revenue-State	-	-	-	8,801
Grant Revenue-Local and Other Support	4,457	372,726	377,183	377,481
Non-Cash Donations	-	196,792	196,792	46,629
Interest Income	570	-	570	159
Miscellaneous Income	49,481	50,048	99,529	54,981
United Way Holsten Center Rental Income	175,889	-	175,889	165,760
Total Revenue	<u>230,933</u>	<u>1,685,268</u>	<u>1,916,201</u>	<u>1,170,472</u>
Net Assets Released from Restriction	<u>1,691,596</u>	<u>(1,691,596)</u>	-	-
Total Public Support and Revenue	<u>2,578,820</u>	<u>13,716</u>	<u>2,592,536</u>	<u>1,887,104</u>
<b>ALLOCATIONS AND EXPENSES</b>				
Allocations to Agencies	223,907	-	223,907	184,330
Designated Allocations	44,420	-	44,420	31,053
Payments to State and National Organizations	7,174	-	7,174	19,751
Interest Expense	14,802	-	14,802	12,545
<b>Functional Expenses:</b>				
Program Services Including United Way Holsten Center	1,985,724	-	1,985,724	1,389,944
Allocations and Agency Relations	38,857	-	38,857	43,406
Fundraising	45,586	-	45,586	49,559
Management and General	51,340	-	51,340	57,165
Total Allocations and Expenses	<u>2,411,810</u>	<u>-</u>	<u>2,411,810</u>	<u>1,787,753</u>
Change in Net Assets	167,010	13,716	180,726	99,351
NET ASSETS, Beginning of Year	<u>701,574</u>	<u>528,520</u>	<u>1,230,094</u>	<u>1,130,743</u>
NET ASSETS, End of Year	<u>\$ 868,584</u>	<u>\$ 542,236</u>	<u>\$1,410,820</u>	<u>\$ 1,230,094</u>

The Accompanying Notes are an Integral Part of these Financial Statements

United Way of Kershaw County  
STATEMENT of CASH FLOWS  
Year Ended December 31, 2022

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EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 180,726
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	88,921
(Increase) Decrease in Operating Assets	
Grants Receivable	(136,088)
Accounts Receivable	12,385
Prepaid Expenses	(3,759)
Increase (Decrease) in Operating Liabilities	
Accounts Payable and Accrued Expenses	(5,614)
Accounts Payable - Designated Affiliates	46,363
Deferred Grants	(86,747)
Net Cash Provided by Operating Activities	<u>96,187</u>
CASH FLOWS from INVESTING ACTIVITIES	
Purchases of Equipment and Property	<u>(149,315)</u>
Net Cash Used in Investing Activities	<u>(149,315)</u>
CASH FLOWS from FINANCING ACTIVITIES	
Principal Payments on Long-Term Debt	<u>(24,894)</u>
Net Cash Used in Financing Activities	<u>(24,894)</u>
NET DECREASE in CASH and CASH EQUIVALENTS	(78,022)
CASH and CASH EQUIVALENTS, Beginning of Year	<u>463,979</u>
CASH and CASH EQUIVALENTS, End of Year	<u>\$ 385,957</u>

The Accompanying Notes are an Integral Part of these Financial Statements

United Way of Kershaw County  
 STATEMENT of FUNCTIONAL EXPENSES  
 Year Ended December 31, 2022  
 With Comparative Totals for 2021 (Memo Only)

EXHIBIT D

	Program Services											
	Americorps	Community Garden	Disaster Relief	Emergency Solutions	ERA 1 Housing Stability	Food Share	Holsten Center	Housing Initiative	Housing Trust	HUD/ECHO	Mobile Nutrition	New Day on Mill
Salaries	\$ -	\$ -	\$ 5,382	\$ 8,620	\$ 11,343	\$ -	\$ 8,620	\$ 1,501	\$ 858	\$ 6,454	\$ 15,074	\$ 10,764
Payroll Taxes	-	-	520	832	1,095	-	832	145	83	623	1,455	1,039
Employee Benefits-Health Ins.	-	-	586	938	1,234	-	938	163	93	702	1,640	1,171
Retirement	-	-	429	686	903	-	686	120	68	514	1,200	857
Supplies	-	-	896	1,435	1,888	-	-	250	143	1,074	2,509	1,792
Telephone	-	-	221	353	465	-	-	62	35	265	618	441
Postage and Shipping	-	-	36	58	77	-	-	10	6	44	102	73
Printing and Publications	-	-	337	540	710	-	-	94	54	404	943	674
Dues and Subscriptions	-	-	623	998	1,314	-	-	174	99	748	1,746	1,247
Meetings and Workshops	-	-	307	492	647	-	-	86	49	368	860	614
Occupancy	-	-	89	142	187	-	-	25	14	106	248	177
Professional Services	-	-	1,096	1,756	2,310	-	-	306	175	1,315	3,070	2,193
Insurance	-	-	61	98	129	-	-	17	10	73	171	122
Small Equipment	-	-	185	296	390	-	-	52	29	222	518	370
Miscellaneous	-	-	154	246	324	-	-	43	25	184	431	307
Americorps	88,083	-	-	-	-	-	-	-	-	-	-	-
Community Garden	-	144,287	-	-	-	-	-	-	-	-	-	-
Disaster Relief	-	-	3,322	-	-	-	-	-	-	-	-	-
Emergency Solutions	-	-	-	191,614	-	-	-	-	-	-	-	-
ERA 1 Housing Stability	-	-	-	-	392,586	-	-	-	-	-	-	-
Food Share	-	-	-	-	-	47,793	-	-	-	-	-	-
Holsten Center	-	-	-	-	-	-	65,619	-	-	-	-	-
Housing Trust	-	-	-	-	-	-	-	-	-	-	-	-
HUD/ECHO	-	-	-	-	-	-	-	-	70,052	-	-	-
Mobile Nutrition	-	-	-	-	-	-	-	-	-	-	182,067	-
New Day on Mill	-	-	-	-	-	-	-	-	-	-	-	35,024
Summer Food	-	-	-	-	-	-	-	-	-	-	-	-
Transportation Initiative	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Access Network	-	-	-	-	-	-	-	-	-	-	-	-
Volunteer	-	-	-	-	-	-	-	-	-	-	-	-
Wholespire	-	-	-	-	-	-	-	-	-	-	-	-
Fundraising Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses before Depreciation	88,083	144,287	14,244	209,104	415,602	47,793	76,695	3,048	1,741	83,148	212,652	56,865
Depreciation of Furniture and Equipment	-	-	-	-	-	-	44,723	-	-	-	13,979	20,579
Total Expenses	\$ 88,083	\$ 144,287	\$ 14,244	\$ 209,104	\$ 415,602	\$ 47,793	\$ 121,418	\$ 3,048	\$ 1,741	\$ 83,148	\$ 226,631	\$ 77,444

The Accompanying Notes are an Integral Part of these Financial Statements

United Way of Kershaw County  
 STATEMENT of FUNCTIONAL EXPENSES  
 Year Ended December 31, 2022  
 With Comparative Totals for 2021 (Memo Only)

EXHIBIT D  
 (Continued)

	Program Services										Total Expenses		
	Food	Initiative	Utilities	Vehicle Access Network	Volunteer Grant	Wholespire	Community Service	Sub-Total	Allocations and Agency Relations	Fund Raising	Management and General	2022	2021 (Memo Only)
Salaries	\$ 9,692	\$ 4,289	\$ -	\$ 12,951	\$ -	\$ 858	\$ 50,198	\$ 146,604	\$ 16,146	\$ 16,146	\$ 19,384	\$ 198,280	\$ 220,603
Payroll Taxes	936	414	-	1,251	-	83	4,847	14,155	1,559	1,559	1,872	19,145	21,776
Other Salaries and Taxes	-	-	-	-	-	-	-	-	7,500	2,500	2,500	12,500	15,000
Employee Benefits-Health Insurance	1,055	467	-	1,409	-	93	5,462	15,951	1,757	1,757	2,109	21,574	34,211
Retirement	772	341	-	1,031	-	68	3,997	11,672	1,286	1,286	1,544	15,788	13,498
Supplies	1,613	714	-	2,156	-	143	8,355	22,968	2,373	4,996	5,353	35,690	30,566
Telephone	397	176	-	531	-	35	2,058	5,657	585	1,231	1,320	8,793	10,808
Postage and Shipping	65	29	-	87	-	6	339	932	96	203	218	1,449	1,481
Printing and Publications	607	268	-	811	-	54	3,142	8,638	892	1,879	2,014	13,423	18,101
Dues and Subscriptions	1,123	497	-	1,500	-	99	5,814	15,982	1,652	3,477	3,723	24,834	5,150
Meetings and Workshops	553	245	-	739	-	49	2,864	7,873	813	1,713	1,834	12,233	9,837
Occupancy	159	71	-	213	-	14	826	2,271	235	494	529	3,529	12,315
Professional Services	1,974	874	-	2,638	-	175	10,225	28,107	2,904	6,115	6,552	43,678	37,223
Insurance	110	49	-	147	-	10	570	1,567	162	341	365	2,435	10,053
Small Equipment	333	147	-	445	-	29	1,724	4,740	490	1,031	1,104	7,365	21,539
Miscellaneous	277	123	-	370	-	25	1,434	3,943	407	858	919	6,127	3,854
Americorps	-	-	-	-	-	-	-	88,083	-	-	-	88,083	-
Community Garden	-	-	-	-	-	-	-	144,287	-	-	-	144,287	23,378
Disaster Relief	-	-	-	-	-	-	-	3,322	-	-	-	3,322	5,197
Emergency Solutions	-	-	-	-	-	-	-	191,614	-	-	-	191,614	250,209
ERA 1 Housing Stability	-	-	-	-	-	-	-	392,586	-	-	-	392,586	-
Food Share	-	-	-	-	-	-	-	47,793	-	-	-	47,793	49,106
Holsten Center	-	-	-	-	-	-	-	65,619	-	-	-	65,619	99,264
Housing Trust	-	-	-	-	-	-	-	-	-	-	-	-	9,258
HUD/ECHO	-	-	-	-	-	-	-	70,052	-	-	-	70,052	57,753
Mobile Nutrition	-	-	-	-	-	-	-	182,067	-	-	-	182,067	230,805
New Day on Mill	-	-	-	-	-	-	-	35,024	-	-	-	35,024	49,615
Summer Food	108,667	-	-	-	-	-	-	108,667	-	-	-	108,667	169,102
Transportation Initiative	-	1,786	-	-	-	-	-	1,786	-	-	-	1,786	10,773
Utilities	-	-	15,000	-	-	-	-	15,000	-	-	-	15,000	-
Vehicle Access Network	-	-	-	219,936	-	-	-	219,936	-	-	-	219,936	15,553
Volunteer	-	-	-	-	9,619	-	-	9,619	-	-	-	9,619	23,231
Wholespire	-	-	-	-	-	2,000	-	2,000	-	-	-	2,000	4,243
Fundraising Expenses	-	-	-	-	-	-	28,288	28,288	-	-	-	28,288	5,221
Total Expenses before Depreciation	128,333	10,490	15,000	246,215	9,619	3,741	130,143	1,896,803	38,857	45,586	51,340	2,032,586	1,468,723
Depreciation of Furniture and Equipment	-	9,640	-	-	-	-	-	88,921	-	-	-	88,921	71,351
Total Expenses	\$128,333	\$20,130	\$ 15,000	\$ 246,215	\$ 9,619	\$ 3,741	\$ 130,143	\$1,985,724	\$ 38,857	\$ 45,586	\$ 51,340	\$2,121,507	\$1,540,074

The Accompanying Notes are an Integral Part of these Financial Statements

United Way of Kershaw County  
NOTES to FINANCIAL STATEMENTS  
Year Ended December 31, 2022

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NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

- A. The mission of the United Way of Kershaw County is to meet human and social needs of Kershaw County by uniting our hearts, minds, and resources.

The United Way of Kershaw County operates as a nonprofit organization to bring together in a united appeal all possible campaigns of community-accepted nonprofit health, welfare and recreational agencies including local, state, regional and national organizations; and, to encourage, raise and distribute funds for such charitable and philanthropic agencies as may be approved by the United Way.

The Organization evaluated all events or transactions that occurred after December 31, 2022, through the date of May 18, 2023 which is the date the Organization issued these financial statements. During this period, the Organization did not have any material subsequent events that required recognition in the Organization's disclosures to the December 31, 2022 financial statements.

- B. The financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the Accounting Standards Codification (ASC). Accordingly, these reports reflect all significant receivables, payables and other liabilities. The accrual basis of accounting recognizes revenues when they are earned. Expenses are recognized when incurred.
- C. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- D. The Organization is a qualified charitable organization as described in Section 501(c) (3) of the Internal Revenue Code and as such is exempt from federal income tax. The Organization is not aware of any challengeable positions taken on the tax returns.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2020, 2021 and 2022 are subject to examination by the IRS for three years after they were filed.

- E. Pledges receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give are expected to be collected within one year. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history, subsequent collections, type of contribution, and nature of fundraising activity. Pledges receivable include an allowance for uncollectible pledges of \$60,000 for both the year ended December 31, 2022, and for the year ended December 31, 2021, for a total allowance for uncollectible pledges of \$120,000.

The Organization recognizes support revenue, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Campaign support recognized with donor restrictions is for the campaign held each fall that is expended in the next year. The restrictions are released at the beginning of the next year to be used for future year allocations and operating expenses.

United Way of Kershaw County  
NOTES to FINANCIAL STATEMENTS  
Year Ended December 31, 2022

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- F. A fixed asset is a tangible asset purchased for use in the daily operations of the UWKC from which an economic benefit will be derived over a period greater than one year. Property and Equipment include land, building, equipment, furniture and vehicles. Fixed assets are capitalized on the date of acquisition if the invoice price is equal to or greater than \$1,500. Property and equipment acquired by purchase are stated at cost. Property and equipment acquired by donation are stated at fair market value at date of donation. Depreciation is computed principally using the straight-line method over estimated useful lives ranging from three to forty years and charged to operations. Expenditures for maintenance and repairs are charged to operations as incurred and costs of major additions and improvements are capitalized. The cost of property assets retired or otherwise disposed of, and the related allowances are eliminated from the respective accounts. Gains or losses resulting from such dispositions are reflected in current income.
- G. Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Program grant revenues received before the eligibility requirements are met are recorded as deferred revenue. In subsequent periods, when revenue recognition criteria are met, or when the Organization has a legal claim to the grant proceeds, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.
- H. For purposes of the statement of cash flows, the United Way of Kershaw County considers all highly liquid investments available for current use to be cash equivalents.
- I. "Financial Statements of Not-for-Profit Organizations," requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions, including, if applicable, net assets that have been designated by the Board of Directors for expenditure on specific purposes or projects.

With Donor Restrictions – Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that, resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In addition, the Organization is required to present a statement of cash flows.

- J. Advertising - The Organization expenses the cost of advertising the first time the advertising activity takes place. The amount of advertising expense for the year ended December 31, 2022 was \$16,462.
- K. The amounts shown for December 31, 2021 are included to provide a basis for comparison to 2022 and present summarized totals only. Accordingly, the 2021 totals are not intended to present all the numbers necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements as of December 31, 2021, from which the summarized information was derived.

United Way of Kershaw County  
NOTES to FINANCIAL STATEMENTS  
Year Ended December 31, 2022

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- L. Leases - The Organization recognizes and measures its leases in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 842, Leases. The Organization is a lessee in several noncancellable operating leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes lease liability and a right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The implicit rate of the Organization's leases is not readily determinable and accordingly, The Organization uses their incremental borrowing rate based on the information available at the commencement date for all leases. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less any impairment recognized. Lease cost amortization for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with their short-term leases on a straight-line basis over the lease term.

United Way of Kershaw County  
 NOTES to FINANCIAL STATEMENTS  
 Year Ended December 31, 2022

NOTE 2 SUMMARIES of AGENCY ALLOCATIONS

The following is a summary of allocations and designations for the year ended December 31:

	2022			2021
	Designations	Allocations	Total	(Memo) Total
LOCAL AGENCIES				
OPERATING FUND				
Alpha Center	\$ 535	\$ 15,000	\$ 15,535	\$ 13,858
American Red Cross	-	12,000	12,000	9,693
Boy Scouts	697	10,000	10,697	7,739
Boys and Girls Club	-	25,000	25,000	25,425
Camden-Kershaw County Rescue Squad	3,335	10,000	13,335	10,130
Family Resource Center	-	-	-	7,860
Girl Scouts of SC	54	5,000	5,054	4,410
Habitat for Humanity of Kershaw County	-	5,750	5,750	12,617
KARE	1,341	30,000	31,341	25,843
KC Board of Disabilities & Special Needs	-	10,000	10,000	9,199
KC Council on Aging	643	18,000	18,643	13,072
KC Housing Authority	-	-	-	5,000
Mental Health America	-	25,000	25,000	25,000
KC Parks and Recreation	-	-	-	1,500
Sistercare	2,178	15,000	17,178	12,984
Total Local Agencies	<u>8,783</u>	<u>180,750</u>	<u>189,533</u>	<u>184,330</u>
PRIORITY NEED FUNDING				
Americorps	5,019	-	5,019	-
Arts Center of Kershaw County	-	-	-	3,747
Christian Community Ministry	1,899	-	1,899	-
Community Garden	-	41,657	41,657	7,013
Concerned Citizens of Kershaw County	-	500	500	-
Wholespire	-	-	-	2,500
Family Resource Center	283	-	283	-
Food for the Soul	887	-	887	920
Kershaw Baptist Association	-	-	-	45
Mobile Nutrition	-	-	-	5,000
Mt Moriah Soup Kitchen	180	-	180	-
New Day on Mill/Shelter from the Storm	-	-	-	5,000
Other Assistance	27,322	-	27,322	6,622
The Clothes Closet	-	1,000	1,000	-
United Way of Sumter	47	-	47	116
Wateree Pregnancy Network	-	-	-	90
Total Priority Need Funding	<u>35,637</u>	<u>43,157</u>	<u>78,794</u>	<u>31,053</u>
Total Allocations	<u>\$ 44,420</u>	<u>\$ 223,907</u>	<u>\$ 268,327</u>	<u>\$ 215,383</u>

United Way of Kershaw County  
 NOTES to FINANCIAL STATEMENTS  
 Year Ended December 31, 2022

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NOTE 3 BUILDING, OFFICE FURNITURE, EQUIPMENT and DEPRECIATION

The cost of land, building and office furniture and equipment is summarized below:

	December 31	
	2022	(Memo) 2021
Land	\$ 208,684	\$ 208,684
Building	1,273,646	1,273,646
Office Furniture, Equipment and Vehicle	360,586	211,273
Total Cost	1,842,916	1,693,603
Less Accumulated Depreciation	(884,508)	(795,589)
Net	<u>\$ 958,408</u>	<u>\$ 898,014</u>

Depreciation expense was \$88,921 for the year ended December 31, 2022.

NOTE 4 FUNCTIONAL ALLOCATIONS of EXPENSES

The costs of providing the Organization's services and other activities are summarized on a functional basis; accordingly, certain costs are allocated among the services and activities benefited.

The functional categories are listed below:

**PROGRAM SERVICES** - Expenses related to community-wide information and referral services, community problem-solving initiatives, Holsten Center, and management assistance to agencies. Other activities may include needs assessment; priorities planning; public education on human service issues; and restricted grant programs.

**FUND RAISING** - Expenses of all activities that are an integral part of an appeal for financial support.

**ALLOCATIONS AND AGENCY RELATIONS** - Expenses of review and analysis of agencies' budgets and other expenses directly related to the distribution of funds.

**MANAGEMENT AND GENERAL** - Expenses related to administration activities which are not identifiable with any one primary function but are nevertheless indispensable to the conduct of all the functions and to the Organization's existence.

NOTE 5 DONOR RESTRICTED FUNDS

The Organization received several federal and state grants during 2022. Grant monies are used for special purposes in providing the Organization's community services. A description of each restricted program is as follows:

**AmeriCorps** – These funds provide literacy tutoring to students in grades kindergarten to third grade.

**Emergency Food and Shelter** – These funds provide emergency food and shelter for qualified recipients.

**Emergency Solutions Grants** – These funds provided by SC Office of Economic Opportunity are to provide for rehabilitation or conversion of buildings for use as emergency shelters for the homeless.

United Way of Kershaw County  
 NOTES to FINANCIAL STATEMENTS  
 Year Ended December 31, 2022

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NOTE 5 DONOR RESTRICTED FUNDS (CONTINUED)

HUD/ECHO – Housing Urban and Development provides funds to assist homeless persons.

Summer Food Program - The Summer Food Program provides food services to eligible participants.

Housing Trust Fund - These funds are provided through the S.C. State Housing Finance and Development Authority to help improve qualified homes for low-income persons.

Community Garden - These funds provided by USDA Farm Production and Conservation assist community groups in developing new sources of agricultural prosperity.

Volunteer Grant – These funds are provided by UWSC from AmeriCorps to recruit or transition general volunteers to skill-based volunteers to meet pressing community needs.

A summary of federal and state grant revenues for the year ended December 31 is as follows:

<u>Grant Name</u>	<u>Program</u>	<u>2022</u>	(Memo) <u>2021</u>
AmeriCorps	COVID 19:AmeriCorps State and National	\$ 64,093	\$ -
ESG	Emergency Solutions Grants Program	308,513	250,209
Emergency Food and Shelter	Emergency Food and Shelter National	5,036	-
ERA 1 Housing Stability	COVID 19:Emergency Rental Assistance	400,000	-
HUD-Beyond the Shelter	Continuum of Care Program	70,052	57,753
Summer Food Program	Summer Food Service Program for Children	108,667	169,102
Housing Trust Fund	S.C. State Housing Finance and Development Authority	-	8,801
Community Garden	Soil and Water Conservation	101,001	16,365
Volunteer Grant	Retired and Senior Volunteer Program	8,876	23,232
Total		<u>\$ 1,066,238</u>	<u>\$ 525,462</u>

NOTE 6 SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

All receipts and disbursements are first recorded in the Operating Fund bank accounts; however, separate accounting is required for Grant funds. As a result, amounts receivable and amounts payable between funds are classified as "Due from Other Funds" and "Due to Other Funds", respectively.

Individual interfund receivable and payable balances at December 31, 2022 were as follows:

<u>Fund</u>	Interfund Receivable (Payable)
Donor Restricted	<u>\$ 542,236</u>
Net Payable by Operating Fund	<u>\$ (542,236)</u>

United Way of Kershaw County  
 NOTES to FINANCIAL STATEMENTS  
 Year Ended December 31, 2022

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NOTE 7 PREPAID CAMPAIGN EXPENSES

Annual campaigns are conducted to raise support for allocation to participating agencies in the subsequent year. Accordingly, campaign-related expenses are deferred to the year of allocation to participating agencies. The campaign expenses conducted for the 2023 campaign in the year ended December 31, 2022, will be recognized in the year ended December 31, 2023.

NOTE 8 VOLUNTEER SERVICES and DONATED MATERIALS

The monetary value of volunteer services is not reflected in the financial statements inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's fund-raising activities and program services.

NOTE 9 NOTES PAYABLE

The following is a summary of notes payable as of December 31, 2022:

Loan secured by property at 4.25% interest, monthly payments of \$3,022 for a term of 60 months starting May, 2019 with a balloon payment in April, 2024	\$ 328,336
Loan secured by truck at 6% interest, monthly payments of \$286 for a term of 48 months starting March, 2019	733
Total Loans	<u>\$ 329,069</u>

Future principal payments are as follows:

2023	\$ 23,490
2024	305,579
Total	<u>\$ 329,069</u>

NOTE 10 LINE OF CREDIT

The Organization may borrow up to \$50,000 under an unsecured line of credit from First Community Bank. There was no outstanding balances at December 31, 2022. Borrowings under the line of credit are made at a floating interest rate at Wall Street Journal Prime plus 1%. The line of credit will mature on October 31, 2023.

NOTE 11 HOLSTEN CENTER

The United Way has purchased a facility which was completed in 2000. The intent was to provide facilities for community service organizations in one central location. The project was formerly known as the "One-Stop Shop," now officially named the "United Way Holsten Center." The largest lessee has a ten-year term. The remaining leases run from one to five years. The following is the rental income schedule for the next five years and therefore:

Year 2023	\$ 155,844
Year 2024	83,844
Year 2025	5,922
Total	<u>\$ 245,610</u>

United Way of Kershaw County  
NOTES to FINANCIAL STATEMENTS  
Year Ended December 31, 2022

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NOTE 12 RETIREMENT PLAN

The United Way has a simplified employee pension plan covering all full-time employees. The United Way contributes 6% of salary for eligible employees on an annual basis. The retirement expense for the year ended December 31, 2022, was \$15,788.

NOTE 13 MANAGEMENT OF LIQUID RESOURCES

As part of the Organization's liquidity management, United Way structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's current liquid resources at December 31, 2022 available within one year of the statement of financial position date for general expenditure are as follows:

Cash in Bank Accounts	\$ 385,957
Pledges Receivable	<u>288,647</u>
Total Financial Assets Available for Use Within One Year	<u>\$ 674,604</u>

NOTE 14 COMMITMENTS & CONTINGENCIES

Concentration of Credit Risk and Other

The Organization places its cash in various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, all cash balances were insured.

Long-Lived Assets

Upon occurrence of an event or a change in circumstances which indicates that the carrying amount of an asset may not be recoverable, the Organization continually monitors for any impairment coupled with an evaluation of reasonableness of existing depreciation periods. No impairment has been recorded in the financial statements.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE FOR NEW PRONOUNCEMENTS

*Current Accounting Pronouncements* - In February 2016, the FASB issued FASB ASC 842, Leases, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASC 842 is effective for non-public companies for annual reporting periods beginning after December 15, 2021. Management has adopted this policy effective January 1, 2022. The adoption of the policy had no effect on the financial statements for the year ended December 31, 2022.

REPORTING IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE

United Way of Kershaw County  
SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
For the Year Ended December 31, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
United States Department of Agriculture			
Summer Food Service Program for Children (Summer Food Service Program) (SFSP)			
Summer Food Service Program for Children (Summer Food Service Program) (SFSP)	10.559	Summer Food	\$ 108,667
Total Summer Food Service Program for Children (Summer Food Service Program) (SFSP)			108,667
<i>Total United States Department of Agriculture</i>			<u>108,667</u>
<b>Total Child Nutrition Cluster-Cluster</b>			<u>108,667</u>
<b>Other Programs</b>			
Continuum of Care Program			
Continuum of Care Program	14.267	HUD-Beyond the Shelter	70,052
Total Continuum of Care Program			<u>70,052</u>
COVID 19:Emergency Rental Assistance Program			
COVID 19:Emergency Rental Assistance Program	21.023	ERA	* 400,000
Total COVID 19:Emergency Rental Assistance Program			<u>400,000</u>
Retired and Senior Volunteer Program			
Retired and Senior Volunteer Program	94.002	Volunteer Grant	8,876
Total Retired and Senior Volunteer Program			<u>8,876</u>
COVID 19:AmeriCorps State and National			
COVID 19:AmeriCorps State and National	94.006	AmeriCorps	* 64,093
Total COVID 19: AmeriCorps State and National			<u>64,093</u>
Soil and Water Conservation			
Soil and Water Conservation	10.902	Community Garden	101,001
Total Soil and Water Conservation			<u>101,001</u>
Emergency Food and Shelter National Board Program			
Emergency Food and Shelter National Board Program	97.024	Emergency Food and Shelter	5,036
Total Emergency Food and Shelter National Board Program			<u>5,036</u>
Emergency Solutions Grants Program			
Emergency Solutions Grants Program	14.231	ESG	308,513
Total Emergency Solutions Grants Program			<u>308,513</u>
<b>Total Other Programs</b>			<u>957,571</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,066,238</u></u>

\* Tested as Major Program

The accompanying notes are an integral part of this schedule

United Way of Kershaw County  
NOTES to the SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
For the Year Ended December 31, 2022

**GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of United Way of Kershaw County, Camden, South Carolina for the year ended December 31, 2022. All federal awards received directly from federal agencies, as well as those passed through other government agencies, are included on the Schedule. The information in this Schedule is presented in accordance the 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). Because the Schedule presents only a selected portion of the operations of United Way of Kershaw County, it is not intended to and does not present the financial position and changes in net position of United Way of Kershaw County.

**BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* 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.

**RELATIONSHIP TO FINANCIAL STATEMENTS**

All federal award expenditures are reported in the Statement of Income for the year ending December 31, 2022.

**RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule agree with the amounts reported in the federal financial reports.

**DE MINIMUS INDIRECT COST RATE**

United Way of Kershaw County has not elected to use the 10% de minimus indirect cost rate.

United Way of Kershaw County  
SCHEDULE of FINDINGS and QUESTIONED COSTS  
December 31, 2022

A. SUMMARY of AUDIT RESULTS:

1. The Auditor's Report expresses an unmodified opinion on the financial statements of United Way of Kershaw County.
2. No significant deficiencies were reported during the audit of the financial statements that would have been reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance material to the financial statements of United Way of Kershaw County.
4. There were no significant deficiencies in internal control during the audit of major federal award programs.
5. The Auditor's Report on compliance for the major federal award program for United Way of Kershaw County expresses an unqualified opinion on all major federal programs.
6. There were no audit findings disclosed that are required to be reported in accordance with the Uniform Guidance.
7. The major programs tested were:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.023	COVID 19: Emergency Rental Assistance Program
94.006	COVID 19: AmeriCorps State and National

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Auditee considered low risk.  Yes  No

B. FINDINGS FINANCIAL STATEMENT AUDIT

1. There were no financial statement audit findings.

C. FEDERAL AWARDS FINDINGS and QUESTIONED COSTS

1. There were no findings or questioned costs as defined by the Uniform Guidance.

# SHEHEEN, HANCOCK & GODWIN, LLP

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May 18, 2023

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
United Way of Kershaw County

We have audited, in accordance with the 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, the financial statements of United Way of Kershaw County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Kershaw County's internal control over financial reporting (internal control) as a basis for designing 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 United Way of Kershaw County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Kershaw County'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Kershaw County's financial statements are free from 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sheheen, Hancock & Godwin, LLP*

Sheheen, Hancock & Godwin, LLP  
Camden, South Carolina

# SHEHEEN, HANCOCK & GODWIN, LLP

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May 18, 2023

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
United Way of Kershaw County

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

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

We have audited United Way of Kershaw County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way of Kershaw County's major federal programs for the year ended December 31, 2022. United Way of Kershaw County's federal programs tested as major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Kershaw County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of Kershaw County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of Kershaw County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way of Kershaw County's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of Kershaw County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of Kershaw County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Way of Kershaw County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of Kershaw County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 United Way of Kershaw County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Sheheen, Hancock & Godwin, LLP*

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Camden, South Carolina