

PRELIMINARY

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

December 31, 2008

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 December 31, 2008

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of United Way Association of South Carolina, Inc. ("*United Way*") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of United Way's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Association of South Carolina, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated MMM DD, 2009 on our consideration of United Way'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* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of United Way taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Columbia, South Carolina
MMM DD, 2009

PRELIMINARY

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

	December 31,	
	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 352,189	\$ 264,320
Accounts receivable	262,359	17,896
Dues receivable	14,740	7,053
Other receivables	16,433	52,411
Prepaid expenses	17,466	0
Total Current Assets	<u>663,187</u>	<u>341,680</u>
Vehicle, furniture and equipment, net	6,112	2,734
Intangibles, net	0	6,762
	<u>6,112</u>	<u>9,496</u>
TOTAL ASSETS	<u>\$ 669,299</u>	<u>\$ 351,176</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 184,532	\$ 14,983
Accrued expenses	12,756	8,044
Pledges payable	159,613	54,693
Total Current Liabilities	<u>356,901</u>	<u>77,720</u>
Net Assets		
Unrestricted	113,969	87,995
Temporarily restricted	65,697	59,410
Board designated	132,732	126,051
Total Net Assets	<u>312,398</u>	<u>273,456</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 669,299</u>	<u>\$ 351,176</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

	For the Years Ending December 31,	
	2008	2007
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted Revenues		
Membership dues	\$ 227,810	\$ 196,097
Contributions	9,910	4,409
Meetings and special events	2,334	0
In-kind revenue	4,090	0
Rental income	206	7,197
Interest income	8,610	7,409
Total Unrestricted Revenues	<u>252,960</u>	<u>215,112</u>
Net Assets Released From Restrictions		
Satisfaction of program restrictions	1,139,874	373,308
Total Unrestricted Revenues and Other Support	<u>1,392,834</u>	<u>588,420</u>
Expenses		
Employee salaries and benefits	227,227	114,587
Professional fees/Consultants	283,201	201,170
Equipment and maintenance	3,997	4,313
Travel and transportation	43,620	6,475
Technology website	1,202	1,735
Occupancy	26,713	21,788
Training/Professional development	375	1,431
Telephone	72,750	23,576
Conferences, conventions and meetings	38,496	15,097
Advertising, printing and publications	6,293	11,582
Office and other supplies	36,586	4,601
Postage and shipping	1,740	953
Membership dues and subscriptions	8,299	1,290
Insurance	895	3,088
Community awards, grants and subcontracts	533,096	180,513
Bad debt expense	12,449	2,500
Depreciation	1,862	1,414
Amortization	6,762	9,017
In-kind expenses	4,090	0
Miscellaneous	36,920	27,409
Total Expenses	<u>1,346,573</u>	<u>632,539</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	46,261	(44,119)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants	983,342	356,036
Contributions	87,385	23,960
Miscellaneous	0	0
SC State Campaign	61,828	52,722
Net assets released from restrictions	(1,139,874)	(373,308)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(7,319)</u>	<u>59,410</u>
INCREASE IN NET ASSETS	38,942	15,291
Net assets, at beginning of year	273,456	258,165
NET ASSETS, AT END OF YEAR	<u>\$ 312,398</u>	<u>\$ 273,456</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

	For the Years Ending December 31,	
	2008	2007
OPERATING ACTIVITIES		
Change in net assets	\$ 38,942	\$ 15,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,862	1,414
Amortization	6,762	9,017
Non-cash contribution	(1,300)	0
(Increase) decrease in accounts receivable	(244,463)	20,722
(Increase) decrease in dues receivable	(7,687)	16,836
(Increase) decrease in other receivables	35,979	(27,411)
(Increase) decrease in prepaid expenses	(17,466)	951
Increase (decrease) in accounts payable	169,549	(8,016)
Increase in accrued expenses	4,712	3,304
Increase (decrease) in pledges payable	104,920	(29,506)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>91,810</u>	<u>2,602</u>
INVESTING ACTIVITIES		
Purchases of office equipment	(3,941)	(1,332)
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,941)</u>	<u>(1,332)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	87,869	1,270
Cash and cash equivalents, beginning of year	<u>264,320</u>	<u>263,050</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 352,189</u>	<u>\$ 264,320</u>
Supplemental Data		
Interest paid	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
 December 31, 2008

NOTE A -- DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

United Way Association of South Carolina, Inc. ("*United Way*") was incorporated on January 17, 1963 for the purpose of assisting and cooperating with local United Ways in developing programs and raising funds to meet health and welfare needs of the people of South Carolina.

United Way funds its human service programs through its partnerships with local government, private donations and federal grants. United Way's various programs at December 31, 2008 and 2007 are described below.

Programs

Community Based Family Resource Program: The Community Based Family Resource Program ("*CB-CAP*") is a federally funded program (U.S. Department of Health and Human Services) aimed at the effective development, operation and expansion of a statewide network of community-based, prevention-focused, family resource and support programs to prevent child abuse.

SC State Employee Campaign: This Campaign is administered by the United Way Association of South Carolina for all state government employees in South Carolina who have United Way contributions deducted through payroll deductions.

SC 2-1-1: SC 2-1-1 is a program to provide access to the citizens of South Carolina for basic human service needs, crisis support, physical and mental health resources, employment assistance, assistance for older Americans and persons with disabilities and support for children, youth and family programs.

South Carolina Department of Social Services—Childcare Resource & Referral Network: United Way received this grant from SCDSS in October of 2008. The purpose of this program is to restructure and enhance the operations of the South Carolina Child Care Resource & Referral Network (SC-CCR&RN). The SC-CCR&RN shall encourage and undertake efforts to promote quality child care policy, funding, and service coordination. The network shall serve as an advocate for CCR&R services, provide training to CCR&R agencies, and facilitate collection of data relevant to the provision of CCR&R services.

Committee for Economic Development: United Way received this grant from CED during 2007. This program is designed to inform and engage the business community around pre-k for 3 and 4 year olds in South Carolina.

SC Commission on National and Community Service: The SC Commission on National and Community Service is the lead agency for volunteerism and community service in the state of South Carolina and supervises AmeriCorps programs and grants.

Significant Accounting Policies

Contributed Services: Donated services are recorded as revenue and expenses at fair market value. There were no contributed services for the year ended December 31, 2008 and 2007.

Use of Estimates: The preparation of United Way's financial statements in conformity with generally accepted accounting principles requires that management use estimates, including the estimated useful life of assets and the net realizable value of accounts receivable. Management is not aware of any condition or event that is likely to severely affect its estimates in the near-term.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

NOTE A -- DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentrations of Credit Risk and Off Balance Sheet Risk: Financial instruments which potentially subject United Way to concentrations of credit risk consist principally of accounts receivable balances and cash in banks. The ability of others to honor their obligations to United Way is dependent on general business and economic conditions. Management believes credit risk associated with United Way banking relationships is not significant. At December 31, 2008, the bank balance of United Way's cash and cash equivalents was \$367,559. Of the cash on deposit with banks, \$0 of these deposits exceeds federal depository insurance coverage at December 31, 2008.

Fair Value of Financial Instruments: The fair values of accounts receivable and accounts payable are estimated by management to approximate their respective carrying values.

Financial Statement Presentation: United Way reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Qualifying contributions are reported as temporarily restricted support and are then reclassified to unrestricted net assets when the program restrictions are satisfied. Certain amounts have been reclassified from the prior year numbers to be in conformity with the current year numbers.

Federal Grants: United Way receives federal funds for the Community Based Family Resource Project (CB-CAP) and for the DSS Childcare Resource and Referral Network Program and for the AmeriCorps Program.

Restricted Funds Other Than Federal Grants: United Way's other restricted funds consist of SC State Employee Campaign, SC 2-1-1, Success by 6 Initiative, and First Steps.

Dues: Membership dues are recorded as revenue in the period services are rendered and are written off in the period in which they are determined to be uncollectible.

Income Tax: United Way is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. United Way has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

Vehicle, Furniture and Equipment: Vehicle, office furniture and equipment are recorded at cost as of the date of purchase, or at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to five years. Gains and losses on assets disposed of, or retired, are recognized in the year of disposition. Equipment purchased with federal grants is expensed in the year of purchase. This equipment is generally required to be turned over to the federal government at the conclusion of the grant period. Depreciation expense was \$1,862 and \$1,414 in 2008 and 2007, respectively.

NOTES TO FINANCIAL STATEMENTS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

NOTE A -- DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Intangibles: Intangibles consists of software and is being amortized on a straight-line basis over three years.

Cash and Cash Equivalents: For purposes of the statement of cash flows, United Way considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Reclassifications: Certain reclassifications have been made to the 2007 account classification to make the presentation comparable to the 2008 presentation. These reclassifications have no impact on Net Assets as previously reported.

NOTE B -- NET ASSETS RELEASED FROM GRANTOR RESTRICTIONS

Net assets were released from grantor restrictions by incurring expenses satisfying the restricted purposes.

	2008	2007
Purpose Restrictions Accomplished		
Family Support	\$ 343,589	\$ 321,485
Community and Volunteer Services	737,389	0
SC State Campaign	58,896	51,823
TOTAL RESTRICTIONS RELEASED	\$ 1,139,874	\$ 373,308

NOTE C -- FURNITURE AND EQUIPMENT

At December 31, furniture and equipment consist of the following:

	2008	2007
Office furniture	\$ 1,809	\$ 664
Office equipment	14,213	11,417
Vehicle	1,300	0
Leasehold improvements	8,699	8,699
	26,021	20,780
Accumulated depreciation	(19,909)	(18,046)
	\$ 6,112	\$ 2,734

NOTE D -- INTANGIBLE ASSETS

Computer software license costs consist of packaged software and are being amortized using the straight-line method over three years. Amortization expense was \$6,762 and \$9,017 in 2008 and 2007, respectively. The Organization's intangible assets consisted of the following at December 31:

	2008	2007
Computer Software	\$ 27,050	\$ 27,050
Accumulated depreciation	(27,050)	(20,288)
	\$ 0	\$ 6,762

NOTES TO FINANCIAL STATEMENTS
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

NOTE E -- OPERATING LEASES

Facilities: United Way leases office space under operating leases which have remaining terms through October 31, 2011. The lease for United Way's corporate office space in Columbia, South Carolina can be terminated by United Way upon payment of a cancellation fee, which is outlined in the lease agreement. Occupancy expense for this lease totaled \$26,713 and \$21,788 for the years ended December 31, 2008 and 2007, respectively.

Equipment: United Way leases office equipment under operating leases with varying expirations. Lease expense for office equipment was \$1,719 in 2008.

The minimum lease payments required under the above operating leases as of December 31, 2008 are as follows:

2009	\$ 35,376
2010	35,285
2011	30,141
	<u>\$ 100,802</u>

NOTE F -- EMPLOYEE BENEFIT PLAN

United Way has a 401(k) plan ("the Plan") which covers substantially all of its employees. United Way contributes 8% of each participating employee's annual salary to the Plan. Under the provisions of the plan, up to 8% of eligible compensation may be contributed in total. Employees are vested 20% per year of employment with 100% vested at five years.

United Way's contributions to the plan included in expenses were approximately \$11,587 and \$7,360 in 2008 and 2007, respectively.

NOTE G -- COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, United Way may, from time to time, become a party to legal claims and disputes. At December 31, 2008, management is not aware of any pending or threatened litigation, or unasserted claims that could result in losses that would be material to the financial statements.

United Way has entered into contracts and agreements with providers for various programs.

United Way 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 United Way.

United Way 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.

NOTES TO FINANCIAL STATEMENTS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.

NOTE H -- FUNCTIONAL EXPENSES

United Way provides various services to residents of South Carolina through contracts with health and human service agencies. Expenses associated with administering and requesting funds from grantor agencies, most significantly U.S. Department of Health and Human Services, are reported as program services and as general and administrative expenses.

Expenses related to providing these services are as follows:

	<u>2008</u>	<u>2007</u>
Program Services		
Family Support	\$ 343,589	\$ 431,974
Technical Support	179,052	138,311
Community and Volunteer Service	737,389	0
SC State Campaign	58,896	51,823
Total Program Services	<u>1,318,926</u>	<u>622,108</u>
General and Administrative	27,647	10,431
	<u>\$ 1,346,573</u>	<u>\$ 632,539</u>

PRELIMINARY

ADDITIONAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

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

Our report on our audits of the basic financial statements of United Way Association of South Carolina, Inc. ("*United Way*") for 2008 and 2007 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 11 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Columbia, South Carolina
MMMM DD, 2009

COMBINING STATEMENT OF ACTIVITIES
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
 For the Year Ended December 31, 2008

	Unrestricted Fund	Restricted Fund	Total
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted Revenues			
Membership dues	\$ 205,309	\$ 22,501	\$ 227,810
Contributions	9,910	0	9,910
Meetings and special events	2,334	0	2,334
In-kind revenue	4,090	0	4,090
Rental income	206	0	206
Interest income	8,610	0	8,610
Total Unrestricted Revenues	<u>230,459</u>	<u>22,501</u>	<u>252,960</u>
Net Assets Released From Restrictions			
Satisfaction of program restrictions	0	1,139,874	1,139,874
Total Unrestricted Revenues And Other Support	<u>230,459</u>	<u>1,162,375</u>	<u>1,392,834</u>
Expenses			
Employee salaries and benefits	69,376	157,851	227,227
Professional fees/Consultants	58,731	224,470	283,201
Occupancy	9,960	16,753	26,713
Conferences, conventions and meetings	21,760	16,736	38,496
Travel and transportation	6,695	36,925	43,620
Technology website	1,102	100	1,202
Training/Professional development	375	0	375
Telephone	4,999	67,751	72,750
Equipment rental and maintenance	3,812	185	3,997
Advertising, printing and publications	793	5,500	6,293
Office and other supplies	7,591	28,995	36,586
Postage and shipping	1,505	235	1,740
Membership dues and subscriptions	1,820	6,479	8,299
Insurance	895	0	895
Community awards, grants and subcontracts	2,654	530,442	533,096
Miscellaneous	0	36,920	36,920
In-kind expenses	4,090	0	4,090
Bad debt expense	7,053	5,396	12,449
Depreciation	783	1,079	1,862
Amortization	2,705	4,057	6,762
Total Expenses	<u>206,699</u>	<u>1,139,874</u>	<u>1,346,573</u>
INCREASE IN UNRESTRICTED NET ASSETS	23,760	22,501	46,261
Other Changes In Net Assets			
Interfund transfers, net	8,895	(8,895)	0
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Grants	0	983,342	983,342
Contributions	0	87,385	87,385
SC State Campaign	0	61,828	61,828
Net assets released from restrictions	0	(1,139,874)	(1,139,874)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>0</u>	<u>(7,319)</u>	<u>(7,319)</u>
INCREASE IN NET ASSETS	<u>\$ 32,655</u>	<u>\$ 6,287</u>	<u>\$ 38,942</u>

COMBINING STATEMENT OF ACTIVITIES OF UNRESTRICTED FUNDS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
 For the Year Ended December 31, 2008

	Management and General	Member Services	Total
Revenues			
Membership dues		\$ 205,309	\$ 205,309
Contributions		9,910	9,910
Meetings and special events		2,334	2,334
In-kind revenue		4,090	4,090
Rental income		206	206
Interest income		8,610	8,610
Total Unrestricted Revenues	<u>\$ 0</u>	<u>230,459</u>	<u>230,459</u>
Expenses			
Employee salaries and benefits	17,343	52,033	69,376
Professional fees/Consultants	10,304	48,427	58,731
Occupancy		9,960	9,960
Conferences, conventions and meetings		21,760	21,760
Travel and transportation		6,695	6,695
Technology website		1,102	1,102
Training/Professional development		375	375
Telephone		4,999	4,999
Equipment and maintenance		3,812	3,812
Advertising, printing and publications		793	793
Office and other supplies		7,591	7,591
Postage and shipping		1,505	1,505
Membership dues and subscriptions		1,820	1,820
Insurance		895	895
Community awards, grants and subcontracts		2,654	2,654
In-kind expense		4,090	4,090
Bad debt expense		7,053	7,053
Depreciation		783	783
Amortization		2,705	2,705
Total Expenses	<u>27,647</u>	<u>179,052</u>	<u>206,699</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(27,647)	51,407	23,760
Other Changes In Net Assets			
Interfund transfers, net	<u>0</u>	<u>8,895</u>	<u>8,895</u>
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ (27,647)</u>	<u>\$ 60,302</u>	<u>\$ 32,655</u>

COMBINING STATEMENT OF ACTIVITIES OF RESTRICTED FUNDS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
 For the Year Ended December 31, 2008

	SC 2-1-1	SC State Campaign	AmeriCorps Grant	SC DSS Grant	CED	Total
CHANGES IN UNRESTRICTED NET ASSETS						
Unrestricted Revenues						
Membership dues				\$ 22,501		\$ 22,501
Total Unrestricted Revenues	\$ 0	\$ 0	\$ 0	22,501	\$ 0	22,501
Net assets released from restrictions	169,802	58,896	737,389	173,787		1,139,874
Total Unrestricted Revenue And Other Support	169,802	58,896	737,389	196,288	0	1,162,375
Expenses						
Employee salaries and benefits	12,732	8,724	125,849	10,546		157,851
Professional fees/Consultants	67,997	1,118	32,251	123,104		224,470
Occupancy	1,741	825	8,314	5,873		16,753
Telephone	61,350	515	5,491	395		67,751
Equipment and maintenance	7	5	121	52		185
Conferences, conventions and meetings	2,783	421	1,851	11,681		16,736
Travel and transportation	5,941	756	21,118	9,110		36,925
Advertising, printing and publications			5,500			5,500
Office and other supplies	8,733	8,684	5,473	6,105		28,995
Postage and shipping		26		209		235
Membership dues and subscriptions	500		5,979			6,479
Miscellaneous	5,823	31,097				36,920
Bad debt expense		5,396				5,396
Depreciation	472	315		292		1,079
Amortization	1,623	1,014		1,420		4,057
Technology website	100					100
Community awards, grants and subcontracts			525,442	5,000		530,442
Total Expenses	169,802	58,896	737,389	173,787	0	1,139,874
INCREASE IN UNRESTRICTED NET ASSETS	0	0	0	22,501	0	22,501
Other Changes In Net Assets						
Interfund transfers, net	0	0	0	0	(8,895)	(8,895)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS						
Grants	94,667		737,389	151,286		983,342
Contributions	87,385					87,385
SC State Campaign		61,828				61,828
Net assets released from restrictions	(169,802)	(58,896)	(737,389)	(173,787)		(1,139,874)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	12,250	2,932	0	(22,501)	0	(7,319)
NET INCREASE (DECREASE) IN RESTRICTED NET ASSETS	\$ 12,250	\$ 2,932	\$ 0	\$ 0	\$ (8,895)	\$ 6,287

PRELIMINARY

GOVERNMENTAL AUDITING REPORTS

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

We have audited the financial statements of United Way Association of South Carolina, Inc. ("*United Way*") as of and for the year ended December 31, 2008, and have issued our report thereon dated MMM DD, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered United Way's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies 08-1 and 08-2 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether United Way'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*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina
MMMM DD, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of United Way Association of South Carolina, Inc. ("United Way") with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. United Way's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of United Way's management. Our responsibility is to express an opinion on United Way's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 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 United Way'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. Our audit does not provide a legal determination of United Way's compliance with those requirements.

In our opinion, United Way complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of United Way is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered United Way's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 United Way's internal control over compliance.

PRELIMINARY

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina
MMMM DD, 2009

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
 For the Year Ended December 31, 2008

Federal Grantor / Pass-through Grantor Program Title	CFDA Number	Federal Disbursements/ Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Direct Programs:		
AmeriCorps - Formula	94.006	\$ 412,179
AmeriCorps - Competitive	94.006	102,586
State Administrative	94.003	125,565
Program Development and Training	94.009	59,381
Disability Placement Awards	94.007	<u>37,678</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		737,389
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass-Through South Carolina Department of Health and Environmental Control		
Centers for Disease Control Public Health Preparedness and Response to Bioterrorism	93.283	94,667
 Pass-Through South Carolina Department of Social Services		
Child Care Resource and Referral Network	93.575	<u>86,190</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>180,857</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 918,246</u></u>

NOTE A -- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of United Way of South Carolina, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, **Audits of States, Local Governments, and Non-Profits Organizations**. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
For the Year Ended December 31, 2008

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of United Way Association of South Carolina, Inc.
2. Two control deficiencies disclosed during the audit of the basic financial statements is 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." The control deficiencies are significant deficiencies and not material weaknesses.
3. No instances of noncompliance material to the financial statements of United Way Association of South Carolina, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported on the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for AmeriCorps Grant expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 for United Way Association of South Carolina, Inc. are reported on this Schedule.
7. The program tested as a major program:

AmeriCorps Grant
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. United Way Association of South Carolina, Inc. did not qualify as a low risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -- Continued
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
For the Year Ended December 31, 2008

Findings -- Financial Statements Audit

SIGNIFICANT DEFICIENCIES

08-1 Approve Invoices

Condition: United Way established procedure of approving invoices by initializing or account coding them. This is an important internal control feature. However, upon review of the policy, we found instances of where it was not followed consistently.

Criteria: Internal controls should be in place to ensure effective oversight of United Way's cash disbursements.

Effect: Unauthorized expenses could be processed if the proper approval process is not in place.

Recommendation: We recommend that United Way take more effort to ensure that the policies in place are followed to provide a much stronger control over cash disbursements.

Client Response: While management believes that their policies and procedures contain sufficient control, they have strengthened their implementation as part of their finance department restructuring. United Way believes that bringing all financial activities back in-house will insure that procedures are followed completely.

08-2 Adjusting Journal Entries

Condition: There were numerous adjusting journal entries recorded after the start of fieldwork. We noted that certain transactions related to the revenue, receivables, expenses, and payables were either incorrectly categorized or not properly recorded by management prior to the audit process.

Criteria: Internal controls should be in place to ensure effective oversight of United Way's financial reporting.

Effect: The need for correcting entries during the audit process is indicative of deficiencies within the internal control system over completeness and classification of transactions.

Recommendation: We recommend that United Way implement policies and procedures to review and evaluate transactions and proper monthly closing procedures which would expedite the year-end closing process.

Client Response: Management have already brought all financial record-keeping and reporting back in-house under the direct supervision of the President. United Way believes that this will produce more accurate journals and monthly reporting.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -- Continued
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
For the Year Ended December 31, 2008

Findings and Questioned Costs -- Major Federal Award Programs Audit

None

SCHEDULE OF PRIOR AUDIT FINDINGS
UNITED WAY ASSOCIATION OF SOUTH CAROLINA, INC.
For the Year Ended December 31, 2008

<u>Program</u>	<u>Findings</u>
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There were no prior audit findings.