

**UNITED WAY OF GREENWOOD AND ABBEVILLE COUNTIES
AND SUBSIDIARY**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

**Argo and Associates, LLP
Certified Public Accountants
Greenwood, South Carolina**

**United Way of Greenwood and Abbeville Counties
and Subsidiary
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June 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Greenwood and Abbeville Counties
and Subsidiary
Columbia, South Carolina

We have audited the accompanying consolidated statement of financial position of the United Way of Greenwood and Abbeville Counties (a nonprofit organization) and subsidiary as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from United Way of Greenwood and Abbeville Counties (a nonprofit organization) and subsidiary's 2011 financial statements and, in our report dated September 29, 2011, we expressed an unqualified opinion on those financial statements

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greenwood and Abbeville Counties and subsidiary as of June 30, 2012, and the changes in their net assets and their cash flows for the year 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 November 27, 2012, on our consideration of United Way of Greenwood and Abbeville Counties and subsidiary'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 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 should be considered in assessing the results of our audit.

Joseph T. Argo, CPA
Michael L. Willoughby, CPA
Varada A. Ogale, CPA
C. Jody Hazel, CPA
B. Mendell Key, CPA, CVA
Jerald E. Power, CPA *Emeritus*

Amanda A. Gambrell, CPA
Rhonda S. Cox, CPA
J. Michael Nixon, CPA
Austin W. Stone, CPA

1317 Montague Ave. Ext.
P.O. Box 49159
Greenwood, SC 29649

telephone
864-229-6620

fax
864-229-5870

Email
admingwd@argocpa.com

www.argocpa.com

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules 1, 2 and 3 on pages 13 through 16 are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Argo and Associates, LLP

November 27, 2012

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Consolidated Statement of Financial Position
June 30, 2012 with Comparative Totals as of June 30, 2011**

| | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and Cash Equivalents (Note 4) | \$ 1,182,605 | \$ 1,359,561 |
| Investments (Note 8) | 299,904 | 0 |
| Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$79,000 (Note 6) | 647,376 | 534,614 |
| Accounts Receivable | 2,146 | 0 |
| Total Current Assets | <u>2,132,031</u> | <u>1,894,175</u> |
| Property, Plant, and Equipment: | | |
| Furniture and Equipment, Net of Accumulated Depreciation of \$127,126 (Note 5) | <u>472,195</u> | <u>461,512</u> |
| Total Assets | <u>\$ 2,604,226</u> | <u>\$ 2,355,687</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Current Portion of Long-Term Debt | \$ 0 | \$ 4,977 |
| Accounts Payable and Accrued Liabilities | 10,843 | 19,027 |
| Designations Payable | 100,716 | 57,345 |
| Total Current Liabilities | <u>111,559</u> | <u>81,349</u> |
| Long-Term Liabilities: | | |
| Mortgage Payable | <u>0</u> | <u>213,390</u> |
| Total Long-Term Liabilities | <u>0</u> | <u>213,390</u> |
| Total Liabilities | <u>111,559</u> | <u>294,739</u> |
| Net Assets: | | |
| Unrestricted Net Assets (Note 13) | 1,318,053 | 995,683 |
| Temporarily Restricted Net Assets (Note 12) | 1,174,614 | 1,065,265 |
| Total Net Assets | <u>2,492,667</u> | <u>2,060,948</u> |
| Total Liabilities and Net Assets | <u>\$ 2,604,226</u> | <u>\$ 2,355,687</u> |

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

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2012 with Comparative Totals for June 30, 2011**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Combined Total</u> | <u>2011</u> |
|---|---------------------|-----------------------------------|---------------------------|---------------------|
| Revenues, Gains, and Other Support: | | | | |
| Gross Campaign Results 2009 | \$ 0 | \$ 0 | \$ 0 | \$ 17,869 |
| Less Donor Designations | 0 | 0 | 0 | 0 |
| Less Provision for Uncollectible | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Campaign Revenue 2009 | 0 | 0 | 0 | 17,869 |
| Gross Campaign Results 2010 | 4,254 | 0 | 4,254 | 1,168,239 |
| Less Donor Designations | 0 | 0 | 0 | (91,346) |
| Less Provision for Uncollectible | <u>0</u> | <u>0</u> | <u>0</u> | <u>(101,340)</u> |
| Net Campaign Revenue 2010 | 4,254 | 0 | 4,254 | 975,553 |
| Gross Campaign Results 2011 | 0 | 1,337,409 | 1,337,409 | 0 |
| Less Donor Designations | 0 | (118,574) | (118,574) | 0 |
| Less Provision for Uncollectible | <u>0</u> | <u>(79,000)</u> | <u>(79,000)</u> | <u>0</u> |
| Net Campaign Revenue 2011 | 0 | 1,139,835 | 1,139,835 | 0 |
| Net Assets Released From Restrictions (Note 12) | 1,072,861 | (1,072,861) | 0 | 0 |
| Contributions | 289,030 | 0 | 289,030 | 30,479 |
| UCCC Contributions | 12,985 | 0 | 12,985 | 61,779 |
| Grants and Contracts | 45,000 | 42,375 | 87,375 | 85,000 |
| Rental Income | 95,932 | 0 | 95,932 | 91,699 |
| Investment Income | 2,281 | 0 | 2,281 | 4,744 |
| Service Fees Earned | 11,358 | 0 | 11,358 | 12,469 |
| In-Kind Contributions | <u>0</u> | <u>0</u> | <u>0</u> | <u>3,000</u> |
| Total Revenue, Gains, and Other Support | <u>1,533,701</u> | <u>109,349</u> | <u>1,643,050</u> | <u>1,282,592</u> |
| Expenses: | | | | |
| Program Services: | | | | |
| Gross Funds Awarded/Distributed | 699,943 | 0 | 699,943 | 606,057 |
| (Less Donor Designations) | <u>(78,513)</u> | <u>0</u> | <u>(78,513)</u> | <u>(101,811)</u> |
| Net Funds Awarded/Distributed | 621,430 | 0 | 621,430 | 504,246 |
| Grants and Contracts | 20,445 | 0 | 20,445 | 10,833 |
| Allocations | <u>261,252</u> | <u>0</u> | <u>261,252</u> | <u>247,180</u> |
| Total Program Services | <u>903,127</u> | <u>0</u> | <u>903,127</u> | <u>762,259</u> |
| Support Services: | | | | |
| Management and General | 145,054 | 0 | 145,054 | 135,980 |
| Fund Raising | 151,260 | 0 | 151,260 | 138,014 |
| United Way of America Dues (Note 7) | <u>11,890</u> | <u>0</u> | <u>11,890</u> | <u>10,000</u> |
| Total Support Services | <u>308,204</u> | <u>0</u> | <u>308,204</u> | <u>283,994</u> |
| Total Expenses | <u>1,211,331</u> | <u>0</u> | <u>1,211,331</u> | <u>1,046,253</u> |
| Change in Net Assets | 322,370 | 109,349 | 431,719 | 236,339 |
| Net Assets At Beginning of Year | <u>995,683</u> | <u>1,065,265</u> | <u>2,060,948</u> | <u>1,824,609</u> |
| Net Assets At End of Year | <u>\$ 1,318,053</u> | <u>\$ 1,174,614</u> | <u>\$ 2,492,667</u> | <u>\$ 2,060,948</u> |

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

**United Way of Greenwood and Abbeville Counties
and Subsidiary**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2012 with Comparative Totals for June 30, 2011

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund Raising</u> | <u>UWA Dues</u> | <u>Total Expenses</u> | <u>Total 2011</u> |
|--|-----------------------------|-------------------------------------|---------------------|------------------|---------------------------|-----------------------|
| Expenses: | | | | | | |
| Partner Agency Funding | \$ 699,943 | \$ - | \$ - | \$ - | \$ 699,943 | \$ 606,057 |
| (Less Donor Designations) | <u>(78,513)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(78,513)</u> | <u>(101,811)</u> |
| Sub-Total | <u>621,430</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>621,430</u> | <u>504,246</u> |
| Grants and Contracts | 20,445 | - | - | - | 20,445 | 10,833 |
| Salaries | 100,146 | 75,109 | 75,109 | - | 250,364 | 241,740 |
| Fringe Benefits | 18,015 | 13,511 | 13,511 | - | 45,037 | 40,569 |
| Office supplies, telephone and maintenance | 87,777 | 23,609 | 16,439 | - | 127,825 | 111,851 |
| Professional and contract labor | 9,600 | 8,411 | 5,989 | - | 24,000 | 23,375 |
| Campaign and marketing | - | 1,210 | 24,640 | - | 25,850 | 22,717 |
| State Dues | 4,379 | - | - | - | 4,379 | 4,596 |
| Program Expense | - | - | - | - | - | 3,400 |
| Insurance | 23,482 | 15,059 | 11,679 | - | 50,220 | 45,854 |
| Travel | 752 | 564 | 564 | - | 1,880 | 1,971 |
| Conferences, training and meetings | 578 | 3,364 | 578 | - | 4,520 | 4,166 |
| Miscellaneous | 802 | 603 | 603 | - | 2,008 | 647 |
| Depreciation | <u>15,721</u> | <u>3,614</u> | <u>2,148</u> | <u>-</u> | <u>21,483</u> | <u>20,288</u> |
| Sub-Total | <u>281,697</u> | <u>145,054</u> | <u>151,260</u> | <u>-</u> | <u>578,011</u> | <u>532,007</u> |
| United Way of America Dues | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,890</u> | <u>11,890</u> | <u>10,000</u> |
| Total Expenses | <u>\$ 903,127</u> | <u>\$ 145,054</u> | <u>\$ 151,260</u> | <u>\$ 11,890</u> | <u>\$ 1,211,331</u> | <u>\$ 1,046,253</u> |

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

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2012 with Comparative Totals for June 30, 2011**

| | <u>2012</u> | <u>2011</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 431,719 | \$ 236,339 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 21,483 | 20,288 |
| Non-Cash Contribution | (218,367) | 0 |
| Net Unrealized (gains)/losses on investments | 1,585 | 0 |
| Net Realized (gains)/losses on investments | (669) | 0 |
| (Increase) Decrease in Net Pledges Receivable | (112,762) | 4,503 |
| (Increase) Decrease in Accounts Receivable | (2,146) | 96 |
| Increase (Decrease) in Designations Payable | 43,371 | (5,577) |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | (8,184) | 4,692 |
| Total Adjustments | <u>(275,689)</u> | <u>24,002</u> |
| Net Cash Provided by Operating Activities | <u>156,030</u> | <u>260,341</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Fixed Asset Purchases | (32,166) | (4,355) |
| Purchases and sales of Investments, Net | <u>(300,820)</u> | <u>0</u> |
| Net Cash Used by Investing Activities | <u>(332,986)</u> | <u>(4,355)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principle Payments | <u>0</u> | <u>(4,735)</u> |
| Net Cash Used by Financing Activities | <u>0</u> | <u>(4,735)</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents | (176,956) | 251,251 |
| Cash and Cash Equivalents at Beginning of Year | <u>1,359,561</u> | <u>1,108,310</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 1,182,605</u> | <u>\$ 1,359,561</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Noncash financing transaction: | | |
| Forgiveness of mortgage | \$ 218,367 | |

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

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2012**

Note 1 - Summary of Significant Accounting Policies

The accounting principles followed by the United Way of Greenwood and Abbeville Counties and the methods of applying those principles which materially affect the determination of financial position, activities, and the changes in classes of net assets are summarized as follows:

Standards of Accounting and Reporting

The Organization principally follows standards of accounting and financial reporting prescribed for other voluntary health and welfare organizations. The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned and certain expenses and purchases of assets are recognized when incurred.

Principles of Consolidation

The consolidated financial statements include the accounts of the United Way of Greenwood and Abbeville Counties and the United Center for Community Care (UCCC). UCCC is consolidated since the United Way of Greenwood and Abbeville Counties has a controlling economic interest in UCCC. All material interorganization transactions have been eliminated.

Financial Statement Presentation

The Organization adopted FASB ASC 958-205, "*Not-for-Profit Presentation of Financial Statements*." Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The adoption of ASC 958-205 utilizes three separate classes of net assets as follows:

- a. Unrestricted Net Assets - the part of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. This class of net assets accounts for all resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Organization in accordance with its charter and bylaws. It also accounts for the Organization's net investment in fixed assets. In addition, it includes self-imposed limits such as voluntary resolutions by the Board of Directors.
- b. Temporarily Restricted Net Assets - the part of net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets of a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.
- c. Permanently Restricted Net Assets - the part of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Cash and Cash Equivalents

The Organization considers all currency and demand deposits to be cash equivalents.

Investments

Investments in fixed income securities are reported at their fair values in the statement of assets, liabilities, and net assets. Unrealized gains and losses are included in the statement of activities and changes in net assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Furniture and Equipment

Expenditures for furniture and equipment are recorded at cost and donated property is recorded at fair market value at the date of receipt and carried net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of furniture and equipment, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received restricted for future periods or for specific purposes are reported as temporarily-restricted or permanently-restricted support that increases those net assets classes. Donor designations are not included in campaign revenue but are recorded as liabilities on the Statement of Financial Position.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restriction.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are temporarily restricted until the campaign year is closed.

Contributed Furniture and Equipment

Contributed furniture and equipment is recorded at fair market value at the date of receipt. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of furniture and equipment are recorded as unrestricted support. During the year, the Organization received medical supplies and equipment from various donors that were contributed to the public using referrals from other organizations. These donations, which were considered immaterial, were not recorded in the financial statements.

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide many services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. During the year, \$3,200 was recorded for services contributed for the production of a campaign video and other campaign materials, which were used for fundraising activities.

Functional Allocation of Expenses

The cost of providing various programs and activities is summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services benefited.

Indirect Expenses

Allocable indirect expenses have been allocated between program services and supporting services principally on the basis of estimated time spent by the Organization's personnel at each of these functions.

Advertising

The Organization expenses advertising costs as they are incurred. The Organization incurred advertising cost of \$107 for the year ended June 30, 2012.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Use of Estimates

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.

Note 2 - Organization

The Organization was incorporated under the laws of the State of South Carolina on December 10, 1945, to function as an eleemosynary corporation and to act as a central agency or clearinghouse to raise and distribute funds for other eleemosynary, charitable and social agencies. This organization serves Greenwood and Abbeville counties. The Organization is located in Greenwood, South Carolina and is dependent on the economic conditions of the geographic area surrounding Greenwood, South Carolina. The organization is dependent on the local community and industries for financial support.

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Note 3 - Tax Status

The United Way of Greenwood and Abbeville Counties is a non-profit organization supported by contributions from local organizations and individuals and is exempt from state and federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. In addition, the United Way has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business taxable income for the year ended June 30, 2012. No interest and penalties are recognized in the consolidated statement of activities and changes in net assets, cash flows, or consolidated statement of financial position. The tax years that remain subject to examination by major jurisdiction include fiscal years ending June 30, 2009 through June 30, 2012.

Note 4 - Concentrations of Credit Risk

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012, the book balance of the Organization's deposits was \$1,182,605 and the bank balance was \$1,189,819 all of which was covered by federal depository insurance or collateral held at a financial institution.

Note 5 - Furniture and Equipment

Changes in furniture and equipment of the Organization consisted of the following for the year ended June 30, 2012 :

| | <u>Balance June 30, 2011</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2012</u> |
|--------------------------------|----------------------------------|------------------|--------------------|----------------------------------|
| Land | \$ 20,350 | \$ 0 | \$ 0 | \$ 20,350 |
| Buildings and Improvements | 416,226 | 3,774 | 0 | 420,000 |
| Furniture and Equipment | 123,079 | 28,392 | 0 | 151,471 |
| Autos | 7,500 | 0 | 0 | 7,500 |
| Less: Accumulated Depreciation | <u>(105,643)</u> | <u>(21,483)</u> | <u>0</u> | <u>(127,126)</u> |
| | <u>\$ 461,512</u> | <u>\$ 10,683</u> | <u>\$ 0</u> | <u>\$ 472,195</u> |

Total depreciation was \$21,483 for the year ended June 30, 2012.

Note 6 - Pledges Receivable

Unconditional promises to give at June 30, 2012, are as follows:

| | <u>June 30, 2012</u> |
|---|----------------------|
| Unconditional Promises to Give: | |
| Receivable in less than one year | \$ 726,376 |
| Less allowance for uncollectible promises | <u>(79,000)</u> |
| Net Unconditional Promises to Give | <u>\$ 647,376</u> |

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Note 7 - Related Party Transactions

The United Way of Greenwood and Abbeville Counties is affiliated with the United Way of America. The Organization is required to pay national dues to the affiliate based on a percentage of revenue received. The Organization must pay the national dues in order to use the United Way name and logo. During the year ended June 30, 2012, the Organization paid national dues of \$11,890.

During the year, the organization received pledges and contributions from several board members and from other organizations whose board members are also members of the board of directors for the United Way of Greenwood and Abbeville Counties and the UCCC.

Note 8 - Investments

Investments are comprised of the following at June 30, 2012. Investments are stated at fair value.

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|-------------------------|-------------------|-------------------|---|
| Money Market Funds | \$ 5,052 | \$ 5,052 | \$ 0 |
| Fixed Income Securities | 296,437 | 294,852 | (1,585) |
| Total | <u>\$ 301,489</u> | <u>\$ 299,904</u> | <u>\$ (1,585)</u> |

Investment income for the year ended June 30, 2012 is comprised of the following:

| | |
|--------------------------------------|-----------------|
| Interest Income from Cash | \$ 2,232 |
| Interest Income from Investment | 1,634 |
| Net unrealized losses on investments | <u>(1,585)</u> |
| | <u>\$ 2,281</u> |

United Way paid investment fees of \$965 in 2012.

Note 9 - Fair Value Measurements

The accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets for liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - financial instruments with quoted prices in active markets for identical assets or liabilities.

Level 2 - financial instruments with valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. The inputs into the determinations of fair value require significant judgment or estimation by the investment manager.

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Note 9 - Fair Value Measurements (Continued)

The following tables summarize the valuation of the United Way's financial assets and liabilities measured at fair value as of June 30, 2012, based on the level of input utilized to measure fair value:

| <u>Assets measured at fair value</u> | <u>Fair value at June 30, 2012</u> | Fair value measurements at June 30, 2012 using: | | |
|--------------------------------------|--|---|--------------------------|-----------------------|
| | | <u>Level 1 Inputs</u> | <u>Level 2 Inputs</u> | <u>Level 3 Inputs</u> |
| Money Market Funds | \$ 5,052 | \$ 5,052 | \$ 0 | \$ 0 |
| Fixed Income Securities | <u>294,852</u> | <u>0</u> | <u>294,852</u> | <u>0</u> |
| Total Assets at Fair Value | <u>\$ 299,904</u> | <u>\$ 5,052</u> | <u>\$ 294,852</u> | <u>\$ 0</u> |

Prices for money market funds are readily available in the active markets in which those securities are traded, and the resulting fair values are shown in the "Level 1 input" column. Prices for Fixed Income Securities are based on quoted prices and interest rates, and the resulting fair values are shown in the "Level 2 input" column.

Note 10 - Retirement Plan

The Organization has a retirement plan that covers full-time employees after three years of employment. The plan is qualified under Section 401(k) of the Internal Revenue Code. Contributions are made based on ten percent of the employee's base salary. Contributions were made to the plan in the amount of \$25,030 for the year ended June 30, 2012.

Note 11 - Operating Lease

The Organization rents office space to various nonprofit agencies.

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

| | <u>June 30, 2012</u> |
|---|----------------------------|
| Periods after June 30, 2012 | \$ 1,139,336 |
| Rasmussen | 7,043 |
| Case Management Position Grant | 28,000 |
| Soup Kitchen | <u>235</u> |
| Total Temporarily Restricted Net Assets | <u>\$ 1,174,614</u> |

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Notes to Consolidated Financial Statements (Continued)
June 30, 2012**

Note 12 - Temporarily Restricted Net Assets (Continued)

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

| Purpose restriction accomplished: | <u>June 30, 2012</u> |
|--|----------------------------|
| Rasmussen | \$ 3,407 |
| UCCC Operations | 50,500 |
| UCCC Grants | 1,516 |
| Sisters of Charity Grant | 25,000 |
| VITA Grant | <u>14,375</u> |
| | 94,798 |
| Time restrictions expired on fund-raising campaign contributions | 978,063 |
| Total Restrictions Released | <u><u>\$ 1,072,861</u></u> |

Note 13 - Board Designated Net Assets

As of June 30, 2012, \$22,475 was designated by the board of directors for capital improvements.

Note 14 - Partner Agency Funding

The Board of Directors of United Way of Greenwood and Abbeville Counties allocates funds to various agencies based on the Organization's policy regarding such allocations. During 2012, agencies received \$621,430 from the Organization. In addition, the non-partner and partner agencies received \$78,513 in net donor designations.

Note 15 - Subsequent Events

The Organization evaluated subsequent events through November 27, 2012, which is the date the financial statements were available to be issued. The Organization has not evaluated subsequent events after November 27, 2012.

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Schedule of Functional Expenses
Program Services
Partner Agency Funding
For the Year Ended June 30, 2012**

| | |
|---------------------------------------|------------------------------|
| Partner Agency Funding: | |
| Alston Wilke Society | \$ 16,324 |
| American Red Cross | 38,867 |
| Bowers-Rodgers Home | 19,434 |
| Boy Scouts of Gwd - Youth Grant | 15,881 |
| The Child's Place | 19,952 |
| Community Initiatives | 26,617 |
| Cred Ability | 16,907 |
| Burton Center | 54,314 |
| Faith Home, Inc. | 60,985 |
| Food Bank | 36,987 |
| Girl Scouts Council | 5,597 |
| Greenwood Cancer Service | 43,532 |
| Greenwood Community Children's Center | 91,944 |
| Healthy Learners | 15,547 |
| Laurens County Safe Home | 9,529 |
| Legal Services Agency | 34,981 |
| Meg's House | 27,207 |
| Mental Health Association | 2,431 |
| Abbeville Mental Health | 4,545 |
| The Salvation Army | 14,795 |
| Sexual Trauma & Counseling | 12,229 |
| UCMAC | 10,736 |
| YMCA | 35,736 |
| Abbeville Youth Athletics | <u>6,353</u> |
| Total Expenses | <u><u>\$ 621,430</u></u> |

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Combining Schedule of Financial Position
June 30, 2012**

| | UW of Greenwood and Abbeville Counties | UCCC | Elimination of Intercompany Transactions | Total |
|---|---|-------------------|---|---------------------|
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,036,160 | \$ 146,445 | \$ 0 | \$ 1,182,605 |
| Investments | 299,904 | 0 | 0 | 299,904 |
| Pledges Receivable, Net of Allowance for Uncollectible Pledges | 647,376 | 0 | 0 | 647,376 |
| Due From UW | 0 | 58 | (58) | 0 |
| Accounts Receivable | 2,146 | 0 | 0 | 2,146 |
| Total Current Assets | <u>1,985,586</u> | <u>146,503</u> | <u>(58)</u> | <u>2,132,031</u> |
| Property, Plant, and Equipment: | | | | |
| Furniture and Equipment, Net of Accumulated Depreciation | <u>376,269</u> | <u>95,926</u> | <u>0</u> | <u>472,195</u> |
| Total Assets | <u>\$ 2,361,855</u> | <u>\$ 242,429</u> | <u>\$ (58)</u> | <u>\$ 2,604,226</u> |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 7,264 | \$ 3,579 | \$ 0 | \$ 10,843 |
| Due to UCCC | 58 | 0 | (58) | 0 |
| Designations Payable | 100,716 | 0 | 0 | 100,716 |
| Total Current Liabilities | <u>108,038</u> | <u>3,579</u> | <u>(58)</u> | <u>111,559</u> |
| Total Liabilities | <u>108,038</u> | <u>3,579</u> | <u>(58)</u> | <u>111,559</u> |
| Net Assets: | | | | |
| Unrestricted Net Assets | 1,079,438 | 238,615 | 0 | 1,318,053 |
| Temporarily Restricted Net Assets | 1,174,379 | 235 | 0 | 1,174,614 |
| Total Net Assets | <u>2,253,817</u> | <u>238,850</u> | <u>0</u> | <u>2,492,667</u> |
| Total Liabilities and Net Assets | <u>\$ 2,361,855</u> | <u>\$ 242,429</u> | <u>\$ (58)</u> | <u>\$ 2,604,226</u> |

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Combining Schedule of Activities
For the Year Ended June 30, 2012**

| | Unrestricted | | | | | Temporarily Restricted | | | |
|--|--------------|---------|-------------------|--|----------------|------------------------|----------|----------------|----------------|
| | UW | UCCC | Unadjusted Totals | Elimination of Intercompany Transactions | Combined Total | UW | UCCC | Combined Total | Combined Total |
| Revenues, Gains, and Other Support: | | | | | | | | | |
| Gross Campaign Results 2010 | \$ 4,254 | \$ 0 | \$ 4,254 | \$ 0 | \$ 4,254 | \$ 0 | \$ 0 | \$ 0 | \$ 4,254 |
| Net Campaign Revenue 2010 | 4,254 | 0 | 4,254 | 0 | 4,254 | 0 | 0 | 0 | 4,254 |
| Gross Campaign Results 2011 | 0 | 0 | 0 | 0 | 0 | 1,337,409 | 0 | 1,337,409 | 1,337,409 |
| Less Donor Designations | 0 | 0 | 0 | 0 | 0 | (118,574) | 0 | (118,574) | (118,574) |
| Less Provision for Uncollectible | 0 | 0 | 0 | 0 | 0 | (79,000) | 0 | (79,000) | (79,000) |
| Net Campaign Revenue 2011 | 0 | 0 | 0 | 0 | 0 | 1,139,835 | 0 | 1,139,835 | 1,139,835 |
| Net Assets Released From Restrictions | 1,046,345 | 26,516 | 1,072,861 | 0 | 1,072,861 | (1,046,345) | (26,516) | (1,072,861) | 0 |
| Contributions | 289,030 | 0 | 289,030 | 0 | 289,030 | 0 | 0 | 0 | 289,030 |
| UCCC Contributions | 0 | 68,772 | 68,772 | (55,787) | 12,985 | 0 | 0 | 0 | 12,985 |
| Grants and Contracts | 0 | 45,000 | 45,000 | 0 | 45,000 | 42,375 | 0 | 42,375 | 87,375 |
| Rental Income | 0 | 95,932 | 95,932 | 0 | 95,932 | 0 | 0 | 0 | 95,932 |
| Investment Income | 2,281 | 0 | 2,281 | 0 | 2,281 | 0 | 0 | 0 | 2,281 |
| Service Fees Earned | 11,358 | 0 | 11,358 | 0 | 11,358 | 0 | 0 | 0 | 11,358 |
| Total Revenue, Gains, and Other Supp | 1,353,268 | 236,220 | 1,589,488 | (55,787) | 1,533,701 | 135,865 | (26,516) | 109,349 | 1,643,050 |
| Expenses: | | | | | | | | | |
| Program Services: | | | | | | | | | |
| Gross Funds Awarded/Distributed | 699,943 | 0 | 699,943 | 0 | 699,943 | 0 | 0 | 0 | 699,943 |
| (Less Donor Designations) | (78,513) | 0 | (78,513) | 0 | (78,513) | 0 | 0 | 0 | (78,513) |
| Net Funds Awarded/Distributed | 621,430 | 0 | 621,430 | 0 | 621,430 | 0 | 0 | 0 | 621,430 |
| Grants and Contracts | 74,716 | 1,516 | 76,232 | (55,787) | 20,445 | 0 | 0 | 0 | 20,445 |
| Allocations | 143,667 | 117,585 | 261,252 | 0 | 261,252 | 0 | 0 | 0 | 261,252 |
| Total Program Services | 839,813 | 119,101 | 958,914 | (55,787) | 903,127 | 0 | 0 | 0 | 903,127 |
| Support Services: | | | | | | | | | |
| Management and General | 100,881 | 44,173 | 145,054 | 0 | 145,054 | 0 | 0 | 0 | 145,054 |
| Fund Raising | 120,925 | 30,335 | 151,260 | 0 | 151,260 | 0 | 0 | 0 | 151,260 |

**United Way of Greenwood and Abbeville Counties
and Subsidiary
Combining Schedule of Activities
For the Year Ended June 30, 2012**

| | Unrestricted | | | | Temporarily Restricted | | | | |
|---------------------------------|---------------------|-------------------|----------------------|---|------------------------|---------------------|---------------|---------------------|---------------------|
| | UW | UCCC | Unadjusted Totals | Elimination of Intercompany Transactions | Combined Total | UW | UCCC | Combined Total | Combined Total |
| United Way of America Dues | 11,890 | 0 | 11,890 | 0 | 11,890 | 0 | 0 | 0 | 11,890 |
| Total Support Services | 233,696 | 74,508 | 308,204 | 0 | 308,204 | 0 | 0 | 0 | 308,204 |
| Total Expenses | 1,073,509 | 193,609 | 1,267,118 | (55,787) | 1,211,331 | 0 | 0 | 0 | 1,211,331 |
| Change in Net Assets | 279,759 | 42,611 | 322,370 | 0 | 322,370 | 135,865 | (26,516) | 109,349 | 431,719 |
| Net Assets At Beginning of Year | 799,679 | 196,004 | 995,683 | 0 | 995,683 | 1,038,514 | 26,751 | 1,065,265 | 2,060,948 |
| Net Assets At End of Year | <u>\$ 1,079,438</u> | <u>\$ 238,615</u> | <u>\$ 1,318,053</u> | <u>\$ 0</u> | <u>\$ 1,318,053</u> | <u>\$ 1,174,379</u> | <u>\$ 235</u> | <u>\$ 1,174,614</u> | <u>\$ 2,492,667</u> |

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 Board of Directors of
United Way of Greenwood and Abbeville Counties
and Subsidiary

We have audited the consolidated financial statements of United Way of Greenwood and Abbeville Counties (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. 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

Management of United Way of Greenwood and Abbeville Counties is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered United Way of Greenwood and Abbeville Counties' 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 of Greenwood and Abbeville Counties' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Joseph T. Argo, CPA
Michael L. Willoughby, CPA
Varada A. Ogale, CPA
C. Jody Hazel, CPA
B. Mendell Key, CPA, CVA
Jerald E. Power, CPA *Emeritus*

Amanda A. Gambrell, CPA
Rhonda S. Cox, CPA
J. Michael Nixon, CPA
Austin W. Stone, CPA

1317 Montague Ave. Ext.
P.O. Box 49159
Greenwood, SC 29649

telephone
864-229-6620

fax
864-229-5870

Email
admingwd@argocpa.com

www.argocpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Greenwood and Abbeville Counties' 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*.

We noted certain matters that we reported to management of United Way of Greenwood and Abbeville Counties in a separate letter dated November 27, 2012.

This report is intended solely for the information and use of management, others within the entity, the 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.

Argo and Associates, LLP

November 27, 2012