

**UNITED WAY OF CENTRAL
AND SOUTHERN UTAH**

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way of Central and Southern Utah

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central and Southern Utah, which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central and Southern Utah as of June 30, 2020, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited United Way of Central and Southern Utah's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of United Way of Central and Southern Utah'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* in considering United Way of Central and Southern Utah's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
October 5, 2020

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FINANCIAL POSITION

June 30, 2020, with Comparative Totals for 2019

	2020	2019
ASSETS		
Current Assets:		
Cash	\$ 198,853	\$ 90,172
Contributions receivable, net of allowance for uncollectible contributions	459,236	376,035
Accounts and grants receivable	55,211	156,363
Inventory	4,337	37,404
Prepaid expenses and other current assets	20,611	14,878
Due from United Way Community Services	450,542	379,591
Total current assets	1,188,790	1,054,443
Fixed Assets:		
Building and improvements	2,443,124	2,443,124
Furniture and equipment	173,099	202,364
Accumulated depreciation	(1,539,888)	(1,483,443)
Net fixed assets	1,076,335	1,162,045
Other Assets:		
Restricted cash	21,250	19,070
Investments	977	977
Total other assets	22,227	20,047
Total assets	<u>\$ 2,287,352</u>	<u>\$ 2,236,535</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of notes payable	\$ 184,918	\$ 45,260
Accounts payable	88,427	94,492
Due to other organizations	69,826	92,735
Accrued expenses	83,754	86,254
Deferred revenue	6,500	-
Total current liabilities	433,425	318,741
Notes Payable , net of current portion	387,300	229,755
Total liabilities	820,725	548,496
Net Assets:		
Without donor restrictions	765,131	1,154,795
With donor restrictions	701,496	533,244
Total net assets	1,466,627	1,688,039
Total liabilities and net assets	<u>\$ 2,287,352</u>	<u>\$ 2,236,535</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF ACTIVITIES

Year Ended June 30, 2020, with Comparative Totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Revenues and Support:				
Total campaign pledges and donations	\$ 1,089,093	\$ 690,074	\$ 1,779,167	\$ 1,947,718
Amounts designated by donors for specific organizations	(338,213)	-	(338,213)	(397,611)
Net campaign pledges and donations	750,880	690,074	1,440,954	1,550,107
Uncollectible pledges and donations	(7,845)	-	(7,845)	(92,669)
In-kind donations	863,525	-	863,525	987,073
Rent	389,125	-	389,125	235,671
Grants	1,098,338	-	1,098,338	1,083,766
Interest	18	-	18	69
Support services income	206,488	-	206,488	206,488
Other	96,621	-	96,621	58,364
Net assets released from restrictions	521,822	(521,822)	-	-
Total revenues and support	3,918,972	168,252	4,087,224	4,028,869
Allocations and Expenses:				
Program services:				
EveryDay Learners (Education)	995,044	-	995,044	1,203,300
EveryDay Support (Income)	1,618,849	-	1,618,849	1,065,791
EveryDay Strong (Health)	1,085,900	-	1,085,900	1,060,543
Citizen review	1,949	-	1,949	7,851
Supporting services:				
Resource development	377,418	-	377,418	359,963
Management and general	229,476	-	229,476	218,943
Total allocations and expenses	4,308,636	-	4,308,636	3,916,391
Change in Net Assets	(389,664)	168,252	(221,412)	112,478
Net Assets at Beginning of Year	1,154,795	533,244	1,688,039	1,575,561
Net Assets at End of Year	\$ 765,131	\$ 701,496	\$ 1,466,627	\$ 1,688,039

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020, with Comparative Totals for 2019

	Program Services				Supporting Services		Totals	
	EveryDay Learners (Education)	EveryDay Support (Income)	EveryDay Strong (Health)	Citizen Review	Resource Development	Management and General	2020	2019
Salaries, wages, and stipends	\$ 436,926	\$ 279,634	\$ 468,498	\$ 1,223	\$ 142,522	\$ 115,389	\$ 1,444,192	\$ 1,302,616
Employee benefits	96,616	31,029	71,146	320	43,614	28,678	271,403	261,218
Payroll taxes	28,600	15,840	28,978	93	10,453	8,788	92,752	85,563
Total personnel expenses	562,142	326,503	568,622	1,636	196,589	152,855	1,808,347	1,649,397
Agency program funding and assistance	171,460	993,042	323,143	-	-	-	1,487,645	1,199,893
Campaign costs	-	-	-	-	46,344	-	46,344	39,898
Community projects	100,363	53,838	37,228	-	-	-	191,429	219,813
Conferences and training	7,259	5,203	3,519	-	2,263	2,297	20,541	32,326
Dues and subscriptions	8,990	2,746	3,076	-	6,032	1,504	22,348	11,000
Insurance	1,262	749	1,345	4	454	367	4,181	4,935
Interest	-	11,649	-	-	-	2,451	14,100	17,976
Miscellaneous	744	2,069	225	-	72	1,313	4,423	6,085
Postage and copies	9,480	3,037	9,197	-	2,516	3,186	27,416	21,387
Professional services and bank charges	27,966	71,893	31,020	33	84,811	15,255	230,978	223,326
Rent	39,809	23,644	42,437	123	14,307	11,583	131,903	142,672
Repairs and maintenance	16,444	23,944	17,530	51	5,910	25,773	89,652	98,445
Materials and supplies	4,918	1,918	4,036	-	1,627	913	13,412	28,900
Telephone	16,585	9,850	17,679	51	5,960	4,826	54,951	39,321
Travel	11,274	6,926	9,414	-	4,658	2,398	34,670	39,804
United Way Worldwide support	7,859	4,668	8,378	24	2,825	2,287	26,041	24,618
Utilities	4,390	2,607	4,679	14	1,578	1,277	14,545	15,187
Total before depreciation	990,945	1,544,286	1,081,528	1,936	375,946	228,285	4,222,926	3,814,983
Depreciation	4,099	74,563	4,372	13	1,472	1,191	85,710	101,408
Total functional expenses	<u>\$ 995,044</u>	<u>\$ 1,618,849</u>	<u>\$ 1,085,900</u>	<u>\$ 1,949</u>	<u>\$ 377,418</u>	<u>\$ 229,476</u>	<u>\$ 4,308,636</u>	<u>\$ 3,916,391</u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
STATEMENT OF CASH FLOWS**

Year Ended June 30, 2020, with Comparative Totals for 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	\$ (221,412)	\$ 112,478
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	85,710	101,408
Changes in operating assets and liabilities:		
Contributions receivable	(83,201)	139,960
Accounts and grants receivable	101,152	(16,568)
Inventory	33,067	(37,404)
Prepaid expenses and other current assets	(5,733)	(680)
Due from United Way Community Services	(70,951)	(80,364)
Restricted cash	(2,180)	(571)
Accounts payable	(6,065)	(25,751)
Due to other organizations	(22,909)	45,019
Accrued expenses	(2,500)	(14,790)
Deferred revenue	6,500	(2,667)
Net cash provided (used) by operating activities	(188,522)	220,070
Cash Flows from Investing Activities:		
Purchases of fixed assets	-	(6,648)
Cash Flows from Financing Activities:		
Net repayment of line of credit	-	(100,000)
Proceeds from PPP loan	342,200	-
Principal payments on notes payable	(44,997)	(59,785)
Net cash provided (used) by financing activities	297,203	(159,785)
Net Change in Cash	108,681	53,637
Cash at Beginning of Year	90,172	36,535
Cash at End of Year	\$ 198,853	\$ 90,172

Supplemental Data:

United Way paid \$14,100 in interest and no income taxes for the year ended June 30, 2020.

United Way had no noncash investing or financing activities during the year ended June 30, 2020.

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of United Way of Central and Southern Utah (United Way) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

The primary objective of United Way is to increase the organized capacity of people to care for one another. This is done through campaigns for donations that are managed and distributed to nonprofit agencies affiliated with United Way.

Financial Statement Presentation

United Way reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of United Way’s management and board of trustees.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by function. 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 United Way’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Tax Status

United Way is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to United Way are tax deductible to donors under Section 170 of the IRC. United Way is not classified as a private foundation. Also, United Way is not subject to state income taxes.

Revenue Recognition

Contributions receivable are recorded as unrestricted support when the unconditional promise to give is made. All contributions receivable are due within one year. The allowance for uncollectible contributions is estimated based on historical collection experience. The allowance for uncollectible

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO THE FINANCIAL STATEMENTS

contributions was \$100,000 at June 30, 2020. Contributions receivable not received from the prior year's campaign are netted against designated contributions of the prior year's campaign as uncollectible contributions. Uncollectible contributions were \$7,845 for the year ended June 30, 2020.

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program and other activities and indirect expenses are allocated to one or more program or supporting functions based on estimated time and effort or square footage used. Such allocations are determined by management on an equitable basis. Management and general expenses include those expenses that are not directly identifiable with any specific program, but provide overall support and direction of United Way.

Inventory

Inventory consists of prepaid store cards held to distributed to qualifying individuals or to United Way partner agencies for distribution.

Fixed Assets

Fixed assets are stated at cost or, if donated, at fair value as of the donation date. Fixed assets are depreciated using the straight-line method, with useful lives as follows:

Furniture and equipment	3 to 10 years
Building and improvements	40 years

New Accounting Pronouncement

FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether a transaction is a contribution (nonreciprocal) or an exchange (reciprocal) transaction and in determining when a contribution is conditional. The ASU has two implementation dates; for transactions where the organization is a recipient of resources the ASU is effective for reporting periods beginning after December 15, 2018 and for transactions where the organization is a provider of resources the ASU is effective for reporting periods after December 31, 2019.

The United Way has implemented this ASU for transactions in which it is a recipient of resources during the year ended December 31, 2019. The ASU has not been applied retrospectively to transactions occurring prior to the ASU's implementation.

Accounting 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.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH NOTES TO THE FINANCIAL STATEMENTS

Subsequent Events

United Way evaluated subsequent events through October 5, 2020, the date which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 2 – FUNCTIONAL EXPENSES

The statement of activities reflects expenses by functional area. The following is a description of the functional areas:

EveryDay Learners (Education) – includes funding of internal and community partners’ programs that provide free home visitations to first-time parents, provide basic necessities, and support early intervention programs.

EveryDay Support (Income) – includes funding of internal and community partners’ programs that help build financially stable families by assisting with income tax preparation, utilities assistance, job skills training, adult literacy programs and more.

EveryDay Strong (Health) – includes funding of internal and community partners’ programs that help create a healthier Utah County through promoting health education and preventative care, reducing child abuse and domestic violence, and providing access to critical healthcare services.

Citizen Review – includes the entire community review of United Way funded community programs that are producing measurable outcomes that show long-lasting change. Also, includes recruitment and training of volunteers and communication with agencies regarding funding.

Resource Development – includes recruitment, training, employee meetings, mailings, brochures, pledge cards, promotional materials, company visits, or other activities related to the raising of funds.

Management and General – includes board meetings, executive direction and planning, personnel and office management, accounting and bookkeeping, and file maintenance.

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents United Way’s financial assets at June 30, 2020:

Financial assets at year end:	
Cash	\$ 198,853
Contributions receivable, net of allowance	559,236
Accounts and grants receivable	<u>55,211</u>
Total financial assets	813,300
Less amounts not available to be used within one year:	
Net assets with donor restrictions	701,496
Less net assets with donor restrictions to be met in less than a year	<u>(701,496)</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 813,300</u>

United Way’s goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$700,000). Operating expenses are defined by United Way as total expenses less depreciation and in-kind expenses (see Note 3). United Way has established a \$100,000 line of credit (see Note 5) to assist with cash flow needs.

NOTE 4 – BUILDING ACQUISITION AND LEASE

During the fiscal year ended June 30, 2001, a building was purchased, remodeled, and leased to Community Action Services (CAS) and others. To purchase and remodel the building, United Way borrowed \$1,203,691 and entered into a lease agreement with CAS.

During 2019, this lease agreement with CAS was renegotiated. CAS now rents only the portion of the building it occupies with no sublessees. The agreement obligates CAS to pay United Way \$23,100 per month. The term of the lease is 5 years ending June 2024 with two five-year extensions. United Way agrees to award a monthly rent credit of \$15,100 to CAS for as long as CAS continues to provide services to the community. This rent credit is reported as an expense included in “agency program funding and assistance”.

Lease revenue for the remaining lease term is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Rent</u> <u>Amount</u>	<u>Rent</u> <u>Credit</u>	<u>Net Rent</u> <u>Amount</u>
2021	\$ 277,200	\$ (181,200)	\$ 96,000
2022	277,200	(181,200)	96,000
2023	277,200	(181,200)	96,000
2024	277,200	(181,200)	96,000

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – LINE OF CREDIT

United Way has established a \$100,000 line of credit. The amount outstanding on this line of credit was \$0 at June 30, 2020. This line of credit bears interest at an index plus 4.5 percent (7.02 percent at June 30, 2020), requires monthly interest-only payments, and matures January 2022.

NOTE 6 – NOTES PAYABLE

United Way assumed debt to purchase and remodel the building occupied by CAS and others (see Note 4).

In addition, United Way received loan proceeds of \$342,200 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes (including payroll, benefits, rent and utilities) and maintains its payroll levels.

The United Way intends to use the loan proceeds for purposes consistent with the PPP and believes that United Way's use of the loan proceeds will meet the conditions for forgiveness of the loan. Any unforgiven portion of the loan bears interest at a rate of 1 percent. Should any portion of the PPP loan be deemed unforgiven, the United Way has two years to retire the loan. Principal payments required should the entire amount not be forgiven would be \$127,578 and \$204,622 for the years ending June 30, 2021 and 2022, respectively.

Notes payable at June 30, 2020 consisted of the following:

Note payable to a bank, interest at 4.5 percent, monthly payments of \$2,509, due December 2024, secured by building	\$ 122,445
Note payable to a bank, interest at 4.5 percent, monthly payments of \$2,213, due December 2024, secured by building	107,573
PPP loan from a bank, interest at 1.0 percent, monthly payments of \$18,695 beginning December 2020; due May 2022	<u>342,200</u>
	572,218
Less current portion	<u>(184,918)</u>
Long-term portion	<u><u>\$ 387,300</u></u>

UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO THE FINANCIAL STATEMENTS

A summary of principal debt requirements to maturity for notes payable for the years following June 30, 2020 is as follows:

<u>Year Ending June 30,</u>	
2021	\$ 184,918
2022	254,137
2023	51,790
2024	54,169
2025	27,204
	<u>\$ 572,218</u>

NOTE 7 – OPERATING LEASES

United Way entered into a 15-year lease agreement expiring October 2023 for office space with a monthly lease payment of \$7,144. The monthly lease payment is subject to a 3 percent annual increase. Total rent expense was \$96,838 for the year ended June 30, 2020.

The minimum annual lease payments on the office space lease are estimated to be as follows:

<u>Year Ending June 30,</u>	
2021	\$ 104,412
2022	107,544
2023	110,771
2024	37,286

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

Subject to expenditure for specified purposes:	
South Franklin Community Center programs	\$ 110,921
Bedtime Stories	5,062
Other	26,277
	<u>142,260</u>
Subject to the passage of time:	
Contributions receivable, unavailable until received	559,236
	<u>\$ 701,496</u>

**UNITED WAY OF CENTRAL AND SOUTHERN UTAH
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 – RELATED PARTY TRANSACTIONS

United Way is related to United Way Community Services (UWCS) through common control, as one Board of Trustees governs both agencies. UWCS owed United Way \$450,542 at June 30, 2020.

United Way charged UWCS a support services fee of \$206,488 for the year ended June 30, 2020. The Board intends to continue charging UWCS this fee for administrative services provided.

United Way leases a parking lot to UWCS for \$6,460 per month. UWCS also leases a portion of a building owned by United Way for \$2,400 per month. Total rent received was \$106,320 for the year ended June 30, 2020.

NOTE 10 – RETIREMENT PLAN

A defined contribution plan is provided for all full-time employees who have been with United Way for one or more years. United Way contributes 5 percent of qualified employees' gross earnings to the plan. In addition, United Way matches 50 percent of the first 6 percent of employee contributions. United Way contributions amounted to \$59,691 for the year ended June 30, 2020.

NOTE 11 – CONTRIBUTED MATERIALS, EQUIPMENT, AND SERVICES

Contributed materials and equipment are reflected as in-kind donations in the accompanying financial statements at their estimated values at date of receipt. No amounts have been reflected in the statements for contributed services 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 to United Way.

NOTE 12 – SUPPORT SERVICES

United Way's Resource Development and Management and General functions as a percentage of total gross revenue for the year ended June 30, 2020 is as follows:

Resource Development	8.5%
Management and General	5.2%

These percentages are calculated by dividing the Resource Development and Management and General functions by total gross revenue. Total gross revenue is calculated as follows for the year ended June 30, 2020:

Total revenue and support	\$ 4,087,224
Uncollectible contributions	7,845
Amounts designated by donors for specific organizations	<u>338,213</u>
Total gross revenue	<u><u>\$ 4,433,282</u></u>

OTHER INFORMATION



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*

Board of Trustees
United Way of Central and Southern Utah

We have audited, 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, the financial statements of United Way of Central and Southern Utah (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 October 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central and Southern Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Central and Southern Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central and Southern Utah'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central and Southern Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Central and Southern Utah's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central and Southern Utah's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Squire & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah
October 5, 2020