

 **BUMGARDNERMORRISON**

CPAs • Tax • Audit & Accounting

*Empowering Peace of Mind***Communication with Those Charged with Governance**

To the Board of Directors, United Way of Calhoun County

We have audited the financial statements of United Way of Calhoun County for the year ended March 31, 2018, and have issued our report thereon dated November 13, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Calhoun County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance method to determine uncollectible pledge amounts is based on prior years' experience and management's analysis of specific promises made. We evaluated the key factors and assumptions used to develop the allowance method in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule is a summarization of misstatements detected as a result of audit procedures and corrected by management.

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

Members: American Institute of Certified Public Accountants
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AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of United Way of Calhoun County Board of Directors and management of United Way of Calhoun County and is not intended to be and should not be used by anyone other than these specified parties.

Bumgardner, Morrison & Company, LLP

Bumgardner, Morrison and Company, LLP
Victoria, Texas
November 13, 2018

Client: 18736 - United Way of Calhoun County
 Engagement: Audit 2018
 Period Ending: 3/31/2018
 Trial Balance: 3500.00 - Trial Balance Database
 Workpaper: 3200.00 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		6100.00		
To adjust Net Assets to actual.				
3000	Unrestricted net assets		62.39	
7200	Miscellaneous Income			62.39
Total			62.39	62.39
Adjusting Journal Entries JE # 2		7100.00		
To record market value rental of donated office space at 3/31/18.				
6015	Donated Facilities		4,800.00	
4520	In Kind donations			4,800.00
Total			4,800.00	4,800.00
Adjusting Journal Entries JE # 3		5102.00		
To record FY18 agency allocations payable at year end.				
5102	Billy T. Cattan Recovery Outreach		9,000.00	
5103	Calhoun Community Ministries		48,000.00	
5105	Calhoun County Senior Citizens		32,000.00	
5106	Calhoun County YMCA		35,000.00	
5107	Food Bank of the Golden Crescent		21,700.00	
5108	Girl Scouts of Greater South Texas		8,000.00	
5109	Golden Crescent CASA		20,000.00	
5110	Boy Scouts, Gulf Coast Council		3,500.00	
5112	Mid-Coast Family Services		15,000.00	
5114	STARS		8,000.00	
5115	The Harbor Children's Alliance		30,000.00	
5117	The Harbor's Benevolence Fund		12,800.00	
5119	Gulf Bend		10,000.00	
2011	Allocations/Designations Payable			253,000.00
Total			253,000.00	253,000.00
Adjusting Journal Entries JE # 4		4602.00		
To record Depreciation expense and Accumulated Depreciation as of 3/31/18.				
1480	Accumulated Depreciation		744.36	
6110	Depreciation			744.36
Total			744.36	744.36
Adjusting Journal Entries JE # 5		4152.00		
To adjust FNB CD to actual per the 3/31/18 balance.				
1047	FNB CD 1-26-16		78.76	
7100	Interest income			78.76
Total			78.76	78.76

Client: **18736 - United Way of Calhoun County**
 Engagement: **Audit 2018**
 Period Ending: **3/31/2018**
 Trial Balance: **3500.00 - Trial Balance Database**
 Workpaper: **3200.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		4153.00		
To adjust IBC CD's to actual per the 3/31/18 balance.				
1044	IBC CD #1 7000099429		95.86	
1045	IBC CD #2810248524		200.00	
7100	Interest income			295.86
Total			295.86	295.86
Adjusting Journal Entries JE # 7		4200.00		
To write off 2015-2016 receivables, adjust 16-17 and 17-18 to actual per tracker, and reduce other income accounts for double-booking.				
1096	Estimated Shrinkage		5,693.81	
4013	Campaign Pledges - 2016-2017		314,050.20	
4527	Other Income: Dow Special Events		43,906.97	
4529	Other Income: Formosa Golf Tournament		90,000.00	
6337	Shrinkage		10,887.10	
1097	Campaign Pledges Rec 2015-2016			10,887.10
1098	Campaign Pledges Rec 2016-2017			305,591.20
1099	Campaign Pledges Rec 2017-2018			126,290.95
4014	Campaign Pledges - 2017-2018 (Birdwell)			5,887.22
4600	Misc Income			15,881.61
Total			464,538.08	464,538.08
Adjusting Journal Entries JE # 8		7100.00		
To record market value of social media management at 3/31/18.				
6005	Campaign Expense: Advertising		2,400.00	
4520	In Kind donations			2,400.00
Total			2,400.00	2,400.00
Adjusting Journal Entries JE # 9		4151.00		
To adjust Cal-Com CD's to actual per the 3/31/18 balance.				
1040	Cal-Com CD #14		595.13	
1041	Cal-Com CD #15		336.41	
1046	Cal-Com CD #17		205.78	
7100	Interest income			1,137.32
Total			1,137.32	1,137.32
Adjusting Journal Entries JE # 10		4200.00		
To book 6% estimated shrinkage for 17-18 pledges				
6337	Shrinkage		9,868.02	
1096	Estimated Shrinkage			9,868.02
Total			9,868.02	9,868.02

 **BUMGARDNERMORRISON**

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*Empowering Peace of Mind***Internal Control Letter**

To the Board of Directors and Management
Of United Way of Calhoun County

In planning and performing our audit of the financial statements of United Way of Calhoun County as of and for the year ended March 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered United Way of Calhoun County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in United Way of Calhoun County's internal control to be significant deficiencies:

BANK RECONCILIATIONS

Observation: We noted that the bank reconciliations are performed by the outside bookkeeper and are not reviewed and signed off by anyone at United Way of Calhoun County.

Potential Effect: Bank account and book balances are susceptible to innacuracy due to potential errors or oversight by bookkeeper.

Recommendation: We recommend the bank reconciliations are reviewed by United Way of Calhoun County to ensure the accuracy of book and bank balances.

CAMPAIGN PLEDGE TRACKERS

Observation: We noted the campaign trackers maintained in Excel do not properly address the cutoff of the current campaign and proper recordkeeping of campaign funds received against current and prior year pledges. We noted the total campaign pledges on the 2016-2017 campaign tracker differed from the total campaign pledges on the original 2016-2017 campaign tracker we received during the prior year audit for that campaign.

Potential Effect: Errors in maintaining revenue and campaign pledges receivable for campaigns.

Recommendation: We recommend that United Way of Calhoun County establish a policy on the length and cut-off of each campaign and the recordkeeping (campaign tracker) reflect this policy and ensure the pledges are accounted to properly reflect each campaign. This will allow for better separation of campaign pledges and funds.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Bumgardner, Morrison + Company, LLP

Bumgardner, Morrison and Company, LLP
Victoria, Texas
November 13, 2018

UNITED WAY OF CALHOUN COUNTY
EXIT CONFERENCE AGENDA – NOVEMBER 13, 2018
Year Ended March 31, 2018

- Review of Comparative Financial Statements and Audit Opinion
- Communication with Those Charged with Governance
- Internal Control Letter
- Control Deficiencies Noted
 - Improper recordkeeping of interest income. The incorrect amount of interest income was recorded through a journal entry on the books.
 - Bank authorization signatures need to be updated to reflect correct BOD members/staff.
- Fraud Questionnaire Responses
 - Notes:
 - Board Members should be advised to answer all questions on replied fraud questionnaires.
 - Board Member, Steve Marwitz, noted to not being familiar with the whistleblower program and would like to see a copy.
- Any subsequent events/items and/or contingencies?
- Sign Management Representation Letter
- Form 990
 - Due November 15, 2018
 - Sign Form 8879