

**KINGS UNITED WAY**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Kings United Way  
Hanford, California

We have audited the accompanying financial statements of Kings United Way (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 Kings United Way as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis-of-a-Matter - Recent Accounting Pronouncements Adopted**

As discussed in Note 1 to the financial statements, during the year ended December 31, 2019, Kings United Way adopted provisions of Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*, No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, and No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2021, on our consideration of Kings United Way's internal control over financial reporting and on our tests of 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 Kings United Way's internal control over financial reporting and compliance.

*Pine, Pedroncelli & Aguilar, Inc*  
Visalia, California  
February 16, 2021

**KINGS UNITED WAY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 205,888	\$ 231,141
Accounts Receivable	10,000	2,200
Grants Receivable	70,283	48,569
Prepaid Expenses	11,273	18,213
Total Current Assets	297,444	300,123
<b>PROPERTY AND EQUIPMENT, NET</b>	13,417	15,088
<b>OTHER ASSETS</b>		
Deposit on Office Lease	1,300	1,300
<b>TOTAL ASSETS</b>	\$ 312,161	\$ 316,511
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 574	\$ 11,202
Compensated Absences	2,641	4,584
Unearned Grant Revenue	10,000	19,959
Total Current Liabilities	13,215	35,745
<b>NET ASSETS</b>		
Without Donor Restrictions		
Unrestricted and Undesignated	298,946	280,766
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 312,161	\$ 316,511

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

**KINGS UNITED WAY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>SUPPORT AND REVENUE</b>		
<b>SUPPORT</b>		
<b>GRANTS</b>		
U.S. Department of Housing and Urban Development	\$ 169,046	\$ 169,960
Other Grants	306,356	256,116
<b>PUBLIC SUPPORT</b>		
Contributions	<u>14,988</u>	<u>19,907</u>
<b>TOTAL SUPPORT</b>	<u>490,390</u>	<u>445,983</u>
<b>REVENUE</b>		
Administration Income	-	11,049
Investment Income	872	667
Miscellaneous Income	25,534	-
Fundraising Income	<u>14,721</u>	<u>12,334</u>
<b>TOTAL REVENUE</b>	<u>41,127</u>	<u>24,050</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>531,517</u>	<u>470,033</u>

**KINGS UNITED WAY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>EXPENSES</b>		
Program Services:		
Community Services	495,796	440,740
Support Services:		
General and Administrative	6,949	7,960
Fundraising	10,592	11,993
<b>TOTAL EXPENSES</b>	<b>513,337</b>	<b>460,423</b>
<b>CHANGE IN NET ASSETS</b>	18,180	9,610
<b>NET ASSETS, Beginning of the Year</b>	280,766	271,156
<b>NET ASSETS, End of the Year</b>	\$ 298,946	\$ 280,766

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

**KINGS UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Support Services			Total
	HUD HMIS	211 Call Center	Other Programs	Sub-Total	General and Administrative		Sub-Total	
					Administrative	Fundraising		
Computer Support	\$ 53,415	\$ 2,244	\$ 2,335	\$ 57,994	\$ -	\$ -	\$ -	\$ 57,994
Dues and Subscriptions	-	1,344	67	1,411	-	-	-	1,411
Depreciation	2,372	3,440	119	5,931	-	-	-	5,931
Employee Benefits	5,154	12,746	1,212	19,112	471	282	753	19,865
Facility Rent	8,431	8,369	-	16,800	-	-	-	16,800
HUD Administration	2,951	-	-	2,951	-	-	-	2,951
Insurance	2,745	958	665	4,368	-	-	-	4,368
Office	5,297	4,187	314	9,798	-	-	-	9,798
Payroll Taxes	12,025	9,259	427	21,711	536	320	856	22,567
Postage and Delivery	102	-	102	204	-	-	-	204
Printing and Production	647	2,923	1	3,571	-	-	-	3,571
Professional Services	19,223	22,851	16,396	58,470	-	-	-	58,470
Program Expenses	10,316	15,832	2,649	28,797	-	-	-	28,797
Public Relations and Marketing	1,002	2,740	524	4,266	-	49	49	4,315
Repairs and Maintenance	2,711	1,644	98	4,453	-	-	-	4,453
Salaries	131,182	106,847	2,652	240,681	5,942	3,552	9,494	250,175
Special Events	-	-	1,621	1,621	-	6,389	6,389	8,010
Telephone and Internet	1,502	2,520	9	4,031	-	-	-	4,031
Travel and Meals	2,119	1,458	196	3,773	-	-	-	3,773
Training	1,584	1,386	189	3,159	-	-	-	3,159
Utilities	1,553	969	172	2,694	-	-	-	2,694
<b>TOTAL EXPENSES</b>	<b>\$ 264,331</b>	<b>\$ 201,717</b>	<b>\$ 29,748</b>	<b>\$ 495,796</b>	<b>\$ 6,949</b>	<b>\$ 10,592</b>	<b>\$ 17,541</b>	<b>\$ 513,337</b>

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

**KINGS UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services						Support Services			Total
	HUD HMIS	211 Call Center	Other Programs	Sub-Total	General and Administrative		Fundraising	Sub-Total		
					Administrative	Fundraising				
Computer Support	\$ 23,844	\$ 5,741	\$ 1,536	\$ 31,121	\$ -	\$ -	\$ -	\$ -	\$ 31,121	
Dues and Subscriptions	310	529	1,076	1,915	-	-	-	-	1,915	
Depreciation	2,120	3,073	106	5,299	-	-	-	-	5,299	
Employee Benefits	3,506	11,152	3,016	17,674	552	184	736	736	18,410	
Facility Rent	9,600	7,200	-	16,800	-	-	-	-	16,800	
HUD Administration	42,722	-	-	42,722	-	-	-	-	42,722	
Insurance	2,260	916	4,356	7,532	-	-	-	-	7,532	
Office	3,553	2,634	332	6,519	-	-	-	-	6,519	
Payroll Taxes	8,320	9,302	1,251	18,873	589	197	786	786	19,659	
Postage and Delivery	164	-	86	250	-	-	-	-	250	
Printing and Production	552	2,059	4	2,615	-	-	-	-	2,615	
Professional Services	959	15,489	1,512	17,960	-	-	-	-	17,960	
Program Expenses	11,205	10,267	3,751	25,223	-	-	-	-	25,223	
Public Relations and Marketing	7	7,715	489	8,211	-	83	83	83	8,294	
Repairs and Maintenance	2,463	855	404	3,722	-	-	-	-	3,722	
Salaries	95,211	106,161	16,844	218,216	6,819	2,273	9,092	9,092	227,308	
Special Events	-	-	2,314	2,314	-	9,256	9,256	9,256	11,570	
Telephone/Internet	1,539	3,504	76	5,119	-	-	-	-	5,119	
Travel and Meals	1,994	1,672	54	3,720	-	-	-	-	3,720	
Training	612	1,282	-	1,894	-	-	-	-	1,894	
Utilities	1,488	1,234	49	2,771	-	-	-	-	2,771	
<b>TOTAL EXPENSES</b>	<b>\$ 212,429</b>	<b>\$ 190,785</b>	<b>\$ 37,256</b>	<b>\$ 440,470</b>	<b>\$ 7,960</b>	<b>\$ 11,993</b>	<b>\$ 19,953</b>	<b>\$ 19,953</b>	<b>\$ 460,423</b>	

The accompanying notes are an integral part of these financial statements.  
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**KINGS UNITED WAY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 18,180	\$ 9,610
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	5,931	5,299
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(7,800)	-
Grants Receivable	(21,713)	9,696
Prepaid Expenses	6,939	(16,758)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(10,628)	8,203
Unearned Grant Revenue	(9,959)	-
Compensated Absences	(1,943)	1,088
Net Cash Provided (Used) by Operating Activities	(20,993)	17,138
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of Equipment	(4,260)	(1,430)
Net Cash Used by Investing Activities	(4,260)	(1,430)
Net Increase (Decrease) in Cash	(25,253)	15,708
Cash and Cash Equivalents - Beginning of Year	231,141	215,433
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 205,888	\$ 231,141

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

**KINGS UNITED WAY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies

Nature of Activities

Kings United Way (the "Organization") was incorporated in March of 1967 and is a non-profit corporation exempt under Internal Revenue Code Section 501(c)(3). Its purpose is to solicit donations from residents and companies located in Kings County to benefit local charitable organizations. The Organization conducts its affairs under management of an elected Board of Directors, and salaried Executive Director, and various paid staff and unpaid volunteers.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

The Organization considers accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Equipment is depreciated using the straight-line method over the estimated useful life of 5 to 10 years. It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Maintenance and repairs are charged to expense as incurred. When property of equipment is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized in the year of sale or disposition.

**KINGS UNITED WAY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Depreciation expense for the years ended December 31, 2019 and 2018 was \$5,931 and \$5,299, respectively.

Income Taxes

The Organization has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, these statements do not reflect income taxes on earnings.

Non-Monetary Transactions

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs but which do not meet the criteria for financial statement recognition.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include:

*Salaries and Related Expenses* - All salaries and related expenses are allocated between Program Services, General and Administrative and Fundraising on the basis of time sheets supporting actual time and effort.

All other expenses are allocated based on management's estimate between the program and support services.

Recent Accounting Pronouncements Adopted

During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-15, *Not-for-Profit Entities Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*. This update clarifies whether items should be considered operating, investing, or financing activities in the Statement of Cash Flows. The update also requires cash payments for the prepayment or debt extinguishment costs shall be classified as cash outflows for financing activities. Due to the nature of the Organization and its activities, there was no effect on the financial statements for the years ending December 31, 2019 or 2018.

During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Updated (ASU) No. 2016-18, *Not-for-Profit Entities Statement of Cash Flows (Topic 230) - Restricted Cash*. This update clarifies how restricted cash is presented in the Statement of Cash Flows.

**KINGS UNITED WAY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Adopted (Continued)

Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows. The ASU has been applied retrospectively. Due to the lack of restricted cash and restricted cash equivalents, there was no effect on the financial statements for the years ending December 31, 2019 or 2018.

During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies how revenues are recognized and reported on the financial statements. The ASU has been applied retrospectively. Due to the lack of donor restricted contributions received, there was no effect on the financial statements for the years ending December 31, 2019 or 2018.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 16, 2021, and the date the financial statements were available to be issued.

2. Accounts Receivable

Kings United Way's accounts receivable consisted of the following at December 31:

	2019	2018
United Ways of California	\$ 10,000	\$ -
Westcare	-	2,200
Total	\$ 10,000	\$ 2,200

3. Grants Receivable

Kings United Way's grants receivable consisted of the following at December 31:

	2019	2018
Tulare County Health and Human Services Agency (Homeless Management Information System Match)	\$ 4,777	\$ 8,682
Kings County Health and Human Services Agency (Homeless Management Information System Match)	1,572	580

**KINGS UNITED WAY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

3. Grants Receivable (Continued)

	<u>2019</u>		<u>2018</u>
U.S. Department of Housing and Urban Development \$	9,680	\$	3,481
Kings County Behavioral Health (211)	15,455		7,972
Kings County Health and Human Services Agency (211)	10,214		16,200
U.S. Department of Housing and Urban Development	-		3,843
Kings County Behavioral Health (HUD Match)	1,993		641
Tulare Kings Homeless Alliance (California Emergency Solutions and Housing)	7,453		-
Tulare Kings Homeless Alliance (California Emergency Solutions and Housing- Homeless Management Information System)	5,371		-
Kings County First 5	<u>13,768</u>		<u>7,170</u>
Total Grants Receivable	<u>\$ 70,283</u>	\$	<u>48,569</u>

4. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>Balance, 12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, 12/31/19</u>
Office Equipment	\$ 55,515	\$ <u>4,260</u>	\$ <u>-</u>	\$ 59,775
Accumulated Depreciation	<u>40,427</u>	\$ <u>5,931</u>	\$ <u>-</u>	<u>46,358</u>
Net Property and Equipment	<u>\$ 15,088</u>			<u>\$ 13,417</u>

**KINGS UNITED WAY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

5. Compensated Absences

Full-time employees receive annual leave based upon length of employment. Unused annual leave may be carried over with a cap not to exceed more than two times the amount the employee is entitled to on an annual basis. If cap is reached, accrual will stop until time is used. The value of accrued vacation pay at December 31, 2019 and 2018, were \$2,641 and \$4,584, respectively.

Sick leave benefits accumulate; however, the employees do not gain a vested interest in the unused sick leave. Sick leave is recorded as an expenditure in the period the benefit is used.

6. Pension Plan

The Organization has a SIMPLE IRA retirement plan in which it will match up to 3% for all full-time employees. There is a one year waiting period with immediate vesting. The Board of Directors reserves the right to discontinue the benefit at any time without advance notice. Total pension expense for the years ended December 31, 2019 and 2018, were \$3,697 and \$3,598, respectively.

7. Liquidity and Availability of Financial Assets

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The following reflects the Organization's financial assets as of the statement of financial position date, available for general use within one year of the statement of financial position date:

	2019	2018
Financial Assets at Year-End:		
Cash	\$ 205,888	\$ 231,141
Accounts Receivable	10,000	2,200
Grants Receivable	70,283	48,569
Financial assets available to meet cash needs for general expenditures within one year	\$ 286,171	\$ 281,910

The Organization's policy is to maintain financial assets to meet three months of general operations.

**KINGS UNITED WAY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**8. Related Party Transactions**

An officer of the Organization is also the Executive Director of an affiliated not-for-profit organization. During the year ended December 31, 2019, the Organization provided the affiliated not-for-profit \$4,500 in local campaign distributions. The affiliate provided the Organization a \$250 donation for the Organization's Turkey Trot fundraising event during the year ended December 31, 2019. The Organization and the affiliated not-for-profit partner for the annual Day of Caring Event that serves the mission of both organizations. While the officer is able to influence the Organization's operations for the benefit of the affiliated not-for-profit, the officer did abstain from voting in matters that pertain to the affiliated not-for-profit, including the decision to provide funding to the affiliate.

**9. Subsequent Event**

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (COVID-19) as a pandemic. As a result of the economic uncertainties that arose from the pandemic, the Organization began a Covid Relief Fund. On May 6, 2020, the Organization received an anonymous donation of \$457,919 to their relief fund to be used for Covid related activities and other relief funding came from United Way Worldwide. As a result of this funding, the Organization was able to continue to provide services, which includes providing assistance to those who are impacted or at risk during the pandemic.

**10. Reclassifications**

Certain reclassifications have been made to the prior period's financial statements in order to conform them to the classifications used for the current year. These reclassifications had no effect on reported change in net assets.

**OTHER INDEPENDENT AUDITORS' REPORT**



**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**

The Board of Directors of  
Kings United Way

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kings United Way (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kings United Way'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 Kings United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of Kings United Way'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 Kings United Way's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pine, Pedroncelli & Aguilon, Inc*

Visalia, California  
February 16, 2021