

UNITED WAY OF SOUTHEAST ALASKA

Financial Statements  
(with Independent Auditor's Report Thereon)

Years Ended August 31, 2015 and 2014

UNITED WAY OF SOUTHEAST ALASKA

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(with Independent Auditor's Report Thereon)

Years Ended August 31, 2015 and 2014

# UNITED WAY OF SOUTHEAST ALASKA

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**Independent Auditor's Report**

Members of the Board of Directors  
United Way of Southeast Alaska  
Juneau, Alaska

We have audited the accompanying financial statements of United Way of Southeast Alaska (a nonprofit organization), which comprise the statements of financial position as of August 31, 2015 and 2014, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Members of the Board of Directors  
United Way of Southeast Alaska

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeast Alaska, as of August 31, 2015 and 2014, 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.

*Altman, Rogers & Co.*

Juneau, Alaska  
December 1, 2015



UNITED WAY OF SOUTHEAST ALASKA

Statements of Financial Position

August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Current:		
Cash and cash equivalents	\$ 29,923	77,014
Certificates of deposit	112,985	112,375
Accrued interest	-	-
Pledges receivable	141,527	128,495
Other receivable	44	44
Prepaid expenses	3,775	10,360
Total current assets	<u>288,254</u>	<u>328,288</u>
Non-current:		
Equipment, net of accumulated depreciation of \$7,942 in 2015 and \$7,367 in 2014	<u>43</u>	<u>618</u>
Total assets	<u><u>288,297</u></u>	<u><u>328,906</u></u>
<b>Liabilities:</b>		
Cash overdraft	10,763	-
Accounts payable	8,777	28,306
Designations payable	125,599	129,755
Accrued payroll	13,040	11,059
Deferred revenue	500	-
Total liabilities	<u>158,679</u>	<u>169,120</u>
<b>Net assets:</b>		
Temporarily restricted:		
Literacy Program	28,982	12,171
Disabilities Awareness and Empathy Training	1,393	1,393
Financial Literacy	5,000	5,000
Diversity program	5,000	-
Total temporarily restricted net assets	<u>40,375</u>	<u>18,564</u>
Unrestricted:		
Designated for:		
Property and equipment	43	618
Community impact	26,166	26,166
Undesignated	63,034	114,438
Total unrestricted net assets	<u>89,243</u>	<u>141,222</u>
Total net assets	<u>129,618</u>	<u>159,786</u>
Total liabilities and net assets	<u>\$ <u>288,297</u></u>	<u><u>328,906</u></u>

See accompanying notes to financial statements.

## UNITED WAY OF SOUTHEAST ALASKA

## Statements of Activities

Years ended August 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
SHARE campaign	\$ 9,737	-	9,737	2,059	-	2,059
Private campaign	177,299	-	177,299	141,352	-	141,352
Combined federal campaign	3,852	-	3,852	1,475	-	1,475
Collections of prior year campaign contributions greater than amount anticipated	2,265	-	2,265	53,958	-	53,958
Non-campaign contributions	-	30,000	30,000	-	-	-
Miscellaneous income	12,498	-	12,498	27,679	-	27,679
In-kind contributions	28,789	-	28,789	13,047	-	13,047
Program tuition	43,714	-	43,714	15,927	-	15,927
Interest income	684	-	684	737	-	737
Net assets released from restriction	8,189	(8,189)	-	7,087	(7,087)	-
Total revenues and support	<u>287,027</u>	<u>21,811</u>	<u>308,838</u>	<u>263,321</u>	<u>(7,087)</u>	<u>256,234</u>
Expenses:						
Program services:						
Fund distributions	27,826	-	27,826	35,577	-	35,577
Community impact	91,758	-	91,758	87,996	-	87,996
Total program services	<u>119,584</u>	<u>-</u>	<u>119,584</u>	<u>123,573</u>	<u>-</u>	<u>123,573</u>
Supporting services:						
Management and general	145,547	-	145,547	150,960	-	150,960
Fundraising	73,875	-	73,875	35,577	-	35,577
Total supporting services	<u>219,422</u>	<u>-</u>	<u>219,422</u>	<u>186,537</u>	<u>-</u>	<u>186,537</u>
Total expenses	<u>339,006</u>	<u>-</u>	<u>339,006</u>	<u>310,110</u>	<u>-</u>	<u>310,110</u>
Change in net assets	(51,979)	21,811	(30,168)	(46,789)	(7,087)	(53,876)
Net assets at beginning of year	<u>141,222</u>	<u>18,564</u>	<u>159,786</u>	<u>188,011</u>	<u>25,651</u>	<u>213,662</u>
Net assets at end of year	<u>\$ 89,243</u>	<u>40,375</u>	<u>129,618</u>	<u>141,222</u>	<u>18,564</u>	<u>159,786</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses

Years ended August 31, 2015 and 2014

	2015						Total Program and Supporting Services
	Program Services		Supporting Services				
	Fund Distributions	Community Impact	Total	Management and General	Fund Raising	Total	
Expenses:							
Salaries and benefits	\$ 14,581	8,868	23,449	71,376	30,323	101,699	125,148
Payroll taxes	1,266	732	1,998	12,874	2,669	15,543	17,541
Grants to agencies	-	-	-	-	-	-	-
Professional fees	11,127	21,527	32,654	20,567	2,328	22,895	55,549
Office rent	-	-	-	12,138	-	12,138	12,138
Telephone and Internet	-	-	-	3,137	-	3,137	3,137
Office supplies	-	527	527	3,297	1,342	4,639	5,166
Printing	-	289	289	16	12,360	12,376	12,665
Postage	-	-	-	601	455	1,056	1,056
Advertising	-	9,953	9,953	242	12,979	13,221	23,174
Community relations	-	30,273	30,273	822	-	822	31,095
Fees and licenses	-	-	-	4,576	250	4,826	4,826
Bank fees	-	-	-	159	1,959	2,118	2,118
Insurance	-	-	-	2,904	-	2,904	2,904
Events and meetings	628	19,180	19,808	4,454	860	5,314	25,122
Training and development	-	249	249	-	-	-	249
SE travel	224	30	254	6,023	-	6,023	6,277
Technology operations	-	-	-	735	-	735	735
Depreciation	-	-	-	575	-	575	575
Recognition Awards	-	130	130	1,051	8,350	9,401	9,531
Total expenses	\$ 27,826	91,758	119,584	145,547	73,875	219,422	339,006

(continued)



UNITED WAY OF SOUTHEAST ALASKA

Statements of Functional Expenses, continued

2014

	Program Services			Supporting Services		Total Program and Supporting Services
	Fund Distributions	Community Impact	Total	Management and General	Fund Raising	
Expenses:						
Salaries and benefits	\$ 15,357	30,715	46,072	61,430	15,357	122,859
Payroll taxes	1,534	3,069	4,603	6,138	1,534	12,275
Grants to agencies	-	15,000	15,000	-	-	15,000
Professional fees	6,547	13,094	19,641	26,186	6,547	52,374
Office rent	4,171	8,342	12,513	16,684	4,171	33,368
Telephone and Internet	426	853	1,279	1,705	426	3,410
Office supplies	742	1,484	2,226	2,967	742	5,935
Printing	1,646	3,292	4,938	6,584	1,646	13,168
Postage	639	1,278	1,917	2,557	639	5,113
Advertising	2,321	4,641	6,962	9,283	2,322	18,567
Community relations	-	256	256	767	-	1,023
Fees and licenses	554	1,108	1,662	2,217	554	4,433
Bank fees	268	536	804	1,071	268	2,143
Insurance	-	-	-	2,115	-	2,115
Events and meetings	1,347	2,694	4,041	5,389	1,347	10,777
Training and development	25	46	71	96	24	191
SE travel	-	1,115	1,115	3,344	-	4,459
Technology operations	-	473	473	1,418	-	1,891
Depreciation	-	-	-	1,009	-	1,009
Total expenses	\$ 35,577	87,996	123,573	150,960	35,577	310,110

See accompanying notes to financial statements.

# UNITED WAY OF SOUTHEAST ALASKA

## Statements of Cash Flows

Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from (used) by operating activities:		
Change in net assets	\$ (30,168)	(53,876)
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
Depreciation	575	1,009
(Increase) decrease in:		
Pledges receivable	(13,032)	(16,923)
Accrued interest	-	714
Prepaid expenses	6,585	(8,110)
(Increase) decrease in:		
Accounts payable	(19,529)	23,013
Designations payable	(4,156)	(25,999)
Accrued payroll	1,981	(8,485)
Deferred revenue	500	-
Net cash provided (used) by operating activities	<u>(57,244)</u>	<u>(88,657)</u>
Cash flows from (used) by investing activities:		
Purchase of certificates of deposit	<u>(610)</u>	<u>(1,320)</u>
Increase (decrease) in cash and cash equivalents	(57,854)	(89,977)
Cash and cash equivalents at beginning of year	<u>77,014</u>	<u>166,991</u>
Cash and cash equivalents at end of year	\$ <u><u>19,160</u></u>	<u><u>77,014</u></u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	29,923	77,014
Cash overdraft	<u>(10,763)</u>	<u>-</u>
Total cash and cash equivalents	\$ <u><u>19,160</u></u>	<u><u>77,014</u></u>
Supplemental disclosures:		
Noncash transactions -		
In-kind contributions	\$ <u><u>28,789</u></u>	<u><u>13,047</u></u>

See accompanying notes to financial statements.

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# UNITED WAY OF SOUTHEAST ALASKA

## Notes to Financial Statements

August 31, 2015 and 2014

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. General Organization and Purpose

United Way of Southeast Alaska (UWSEAK) was organized for the purpose of assessing on a continuing basis the need for health and social service programs; to seek solutions to human problems; to assist in the development of United Way member agencies; to promote preventive activities; and to foster cooperation among local, state, and national agencies serving the community. In fulfilling these purposes, UWSEAK receives and distributes both private and public pledges in accordance with the donor wishes through three different fundraising campaigns: the private campaign, SHARE (State of Alaska) Campaign, and the Combined Federal Campaign.

The private campaign is administered by United Way of Southeast Alaska who is responsible for managing the fundraising drives, and collecting and disbursing all moneys received from the annual campaigns. The SHARE campaign is administered by United Way of Anchorage but UWSEAK is responsible for disbursing all pledges per the donor's designation.

#### B. Basis of Accounting

United Way of Southeast Alaska's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

#### C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, UWSEAK is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net* assets represent the portion of net assets of UWSEAK that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

*Temporarily restricted* net assets represents the portion of net assets of UWSEAK whose use is limited by the donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of UWSEAK. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.



## UNITED WAY OF SOUTHEAST ALASKA

### Notes to Financial Statements, Continued

*Permanently restricted* net assets represent the portion of net assets from contributions and grants whose use by UWSEAK is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWSEAK.

#### **D. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, UWSEAK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

#### **E. Certificates of Deposit**

UWSEAK classifies certificates of deposit with a maturity of greater than three months from year end as certificates of deposit.

#### **F. Promises to Give and Donor Designations**

Contributions from campaigns are recorded as revenue when United Way is notified in writing of an unconditional pledge. Donor designations are recognized as a receivable and a payable at the time the pledge is made to United Way and are not included in net campaign results.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

#### **G. Prepaid Expenses**

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid expenses.

#### **H. Equipment**

Purchased equipment and software are recorded at cost and are depreciated on the straight-line method using useful lives ranging from 3 to 5 years. Acquisitions in excess of \$5,000 are capitalized.

## UNITED WAY OF SOUTHEAST ALASKA

### Notes to Financial Statements, Continued

#### **I. Designations Payable**

Designations payable are based on designated amounts pledged during each of the annual campaigns. This is in accordance with the Code of Federal Regulations for the Combined Federal Campaign. Distributions to agencies are made on a quarterly basis, and are paid net of each agency's share of allocable campaign expenses. Combined Federal and Private Campaign expenses are allocated to each agency in proportion to their percentage of designated contributions.

SHARE campaign expenses are deducted by United Way of Anchorage before releasing the pledges to United Way of Southeast Alaska for distribution. Designations payable consist of current year end amounts due from the Fall 2014 and 2013 campaign pledges.

#### **J. Deferred Revenue**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

#### **K. Advertising**

United Way expenses advertising costs as they are incurred. At August 31, 2015 and 2014 advertising costs were \$13,221 and \$18,567, respectively.

#### **L. Income Tax Status**

United Way funds qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes has been made. UWSEAK has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Although the Organization is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing U.S. Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Organization's policy is to report interest and penalties associated with uncertain tax positions as interest expense and other expense respectively. Management is not aware of any uncertain tax positions that would require financial statement recognition or disclosure. With few exceptions, the Organization is not subject to audit of its tax returns prior to 2012.

#### **M. Budgets**

Budgets are adopted for operations annually and are revised as necessary throughout the year.



## UNITED WAY OF SOUTHEAST ALASKA

### Notes to Financial Statements, Continued

#### **N. Use of Estimates**

The preparation of financial statements in conformity 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, disclosure 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.

#### **O. Fair Value of Financial Instruments**

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

The Organization discloses its estimate of the fair value of material financial instruments, including those recorded as assets or liabilities in its financial statements and derivative financial instruments.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) certificates of deposit, (3) receivables, net, (4) certain other current assets, (5) accounts payable and (6) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities.

#### **P. Donated Goods and Services**

Donated services are recognized as contributions in accordance with FASB ASC 958, Accounting for Contributions Received and Contributions Made, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

## **II. CASH AND CASH EQUIVALENTS**

The bank accounts are maintained at three financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At August 31, 2015 and 2014, UWSEAK had no uninsured and uncollateralized deposits.

## UNITED WAY OF SOUTHEAST ALASKA

### Notes to Financial Statements, Continued

#### III. PLEDGES RECEIVABLE

The pledges receivable balance consist of pledges made during the Fall 2014 and 2013 campaigns, less any amounts received from those campaigns prior to August 31, 2015 and 2014, respectively. The amounts due for each campaign are as follows:

	<u>2015</u>	<u>2014</u>
Private Campaign	\$ 82,507	63,584
SHARE Campaign	38,660	40,545
Combined Federal Campaign	<u>20,360</u>	<u>24,366</u>
Total pledges receivable	\$ <u>141,527</u>	<u>128,495</u>

Management has determined all receivables are fully collectible therefore, no allowance for doubtful accounts has been established.

#### IV. DONATED GOODS AND SERVICES

UWSEAK recorded in-kind contributions at August 31, 2015 and 2014, respectively, as follows:

	<u>2015</u>	<u>2014</u>
Events	\$ 18,607	7,862
Advertising	8,682	3,685
Professional services	<u>1,500</u>	<u>1,500</u>
	\$ <u>28,789</u>	<u>13,047</u>

All in-kind contributions were used to support program services of UWSEAK.

#### V. EQUIPMENT

Equipment at August 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Office equipment	\$ 7,985	7,985
Less: accumulated depreciation	<u>(7,942)</u>	<u>(7,367)</u>
Net equipment	\$ <u>43</u>	<u>618</u>

Depreciation expense for fiscal years 2015 and 2014 was \$575 and \$1,009, respectively.



## UNITED WAY OF SOUTHEAST ALASKA

### Notes to Financial Statements, Continued

#### VI. DESIGNATIONS PAYABLE

The designations payable consists of the pass-through portion of pledges received during the fall campaign along with the last quarterly distribution of the previous fall pledges received. These previous fall campaign pledges are payable after August 31, 2015 and 2014, respectively. At August 31, 2015 and 2014, the designations payable balances are as follows:

	<u>2015</u>	<u>2014</u>
Private Campaign	\$ 41,118	29,000
SHARE Campaign	58,502	64,659
CFC	<u>25,979</u>	<u>36,096</u>
Total agency	\$ <u>125,599</u>	<u>129,755</u>

#### VII. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors or contractors. During the years ended August 31, 2015 and 2014, UWSEAK incurred expenses related to the following grants and contributions as required by the donor or grantor:

	<u>2015</u>	<u>2014</u>
Literacy program	\$ 8,189	7,024
Disabilities awareness training	<u>-</u>	<u>63</u>
Total	\$ <u>8,189</u>	<u>7,087</u>

#### VIII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2015, the date which the financial statements were available for issue. No events were identified that would require disclosure in accordance with generally accepted accounting principles.

UNITED WAY OF SOUTHEAST ALASKA

Letter to the Governing Board

Year Ended August 31, 2015

UNITED WAY OF SOUTHEAST ALASKA

Letter to the Governing Board

Year Ended August 31, 2015



December 1, 2015

To the Board of Directors  
United Way of Southeast Alaska  
Juneau, Alaska

Ladies and Gentlemen:

We have audited the financial statements of United Way of Southeast Alaska (UWSEAK) for the year ended August 31, 2015, and have issued our report thereon dated December 1, 2015. 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 May 12, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UWSEAK 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 2015. 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

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 estimates affecting the financial statements were:

Management's estimate of the useful lives and depreciation methods of leasehold improvements and equipment is based on industry trends and norms. We evaluated the key factors and assumptions used to develop the useful lives of equipment in determining that they are reasonable in relation to the financial statements taken as a whole.



Management's estimate of the collectability of pledges receivable is based on a review of the pledges receivable aging summary and prior experiences with individuals and agencies. We evaluated the key factors and assumptions used to develop the estimate of collectability of accounts receivable in relation to the financial statements taken as a whole.

Management's estimate of the value of donated services, supplies and rental space are based on fair market value of those items. We evaluated the key factors and assumptions used to develop the estimate of the value of donated services, supplies and rental space in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of functional expenses is based on the programs and supporting activities benefited. We evaluated the key factors and assumptions used to develop the functional expense classification in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Financial Statement Disclosures

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. We did not identify any misstatements that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Summarized below is the misstatement that management has determined to be immaterial, both individually and in the aggregate, to the financial statements as a whole. The misstatements was not corrected by management:

- The ANDAR pledge tracking system is \$3,407 lower than the Accounts Receivable balance reported in the General Ledger.
- The ANDAR pledge tracking system is \$2,868 lower than the Accounts Payable balance reported in the General Ledger.

#### 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 auditor's 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 December 1, 2015.



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 auditor's 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.

Internal Control

In planning and performing our audit of the financial statements of UWSEAK as of and for the year ended August 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered UWSEAK's internal control over financial reporting (internal control) as a basis for designing 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 the UWSEAK's internal control. Accordingly, we do not express an opinion on the effectiveness of UWSEAK'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of the section and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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

*Altman, Rogers & Co.*

Sincerely,  
Juneau, Alaska