

September 19, 2018

To the Board of Directors of
United Way of Goodhue, Wabasha & Pierce Counties, Inc.
413 West Third Street
Red Wing, MN 55066

We have audited the financial statements of United Way of Goodhue, Wabasha & Pierce Counties, Inc. for the year ended March 31, 2018, and have issued our report thereon dated **September 19, 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 26, 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 Goodhue, Wabasha & Pierce Counties, Inc. 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 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 estimates affecting the financial statements were:

Depreciation of Property and Equipment

Management's estimate of the useful life of purchased or contributed property and equipment is based on the estimated productive life of these assets. We evaluated the estimated useful lives assigned to property and equipment and determined that these lives were reasonable in relation to the financial statements taken as a whole.

Allowance for Uncollectible Pledges Receivable

Management's estimate of the allowance for uncollectible pledges receivable is based on past history. We evaluated the key factors and assumptions used to estimate the allowance for uncollectible pledges receivable and determined them to be reasonable in relation to the financial statements taken as a whole.

Allocation of Functional Expenses

Management's allocation of expenses by program and departments for supporting services is based on estimated time obtained from employees, facility square footage used by the programs and support service departments, and expenses directly related to the applicable programs and supporting service departments. We evaluated the key factors and assumptions used in allocating expenses by program and supporting services departments and determined them to be 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. In addition, with the exception of our bookkeeping entries, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 **September 19, 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 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.

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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 board of directors and management of United Way of Goodhue, Wabasha & Pierce Counties, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Smith, Schafn and Associates, Ltd.

Red Wing, Minnesota