

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Lake Charles, Louisiana

Financial Statements
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southwest Louisiana

Report on the Financial Statements

We have audited the accompanying statements of United Way of Southwest Louisiana, Inc. (the United Way) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and 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 *Governmental 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 of 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 Southwest Louisiana, Inc. as of June 30, 2021, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency allocations and community services and schedule of compensation, benefits and other payments on pages 17 and 18, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued my report dated October 27, 2021, on our consideration of United Way of Southwest Louisiana, Inc.'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 Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 27, 2021

United Way of Southwest Louisiana
Statement of Financial Position
As of June 30, 2021

Assets

Current Assets

Cash and cash equivalents	\$	8,694,774
Cash and cash equivalents - restricted		2,559,936
2021 pledges receivable		74,848
2020 pledges receivable (less allowance for uncollectible pledges of \$300,000)		1,036,594
Grant receivable		20,491
Contract receivables		3,000
Prepaid expenses		13,151
Total Current Assets		12,402,794

Property and Equipment

Furniture and equipment		267,759
Building and improvements		1,802,067
		2,069,826
Less accumulated depreciation		(496,517)
		1,573,309
Land		184,578
Total Property and Equipment		1,757,887

Other Assets

Investments		204,708
Deposits		2,443
Total Other Assets		207,151

Total Assets	\$	14,367,832
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	207,499
Donor designations payable		177,554
Current portion of note payable		79,778
Total Current Liabilities		464,831

Long Term Liabilities

Note payable - net of current portion		606,773
Total Liabilities		1,071,604

Net Assets

Without donor restrictions		10,661,250
With donor restrictions		2,634,978
		13,296,228
Total Net Assets		13,296,228
Total Liabilities and Net Assets	\$	14,367,832

United Way of Southwest Louisiana, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Total</u>
Support, Revenues and Gains			
Public Support:			
Contributions	\$ 8,223,046	\$ 240,094	\$ 8,463,140
Less			
Provision for uncollectible accounts	(322,010)	-	(322,010)
Donor designations	(916,565)	-	(916,565)
Total public support	<u>6,984,471</u>	<u>240,094</u>	<u>7,224,565</u>
Revenues and gains			
Grant income	240,150	32,088	272,238
Contract income	97,978	-	97,978
Investment income	59,149	-	59,149
Disaster relief donations	1,187,918	2,204,865	3,392,783
Miscellaneous income	6,444	-	6,444
Insurance recoveries	59,268	-	59,268
PPP loan forgiveness	190,100	-	190,100
Processing fee revenue	167,493	-	167,493
In-kind income	47,184	-	47,184
Total revenues and gains	<u>2,055,684</u>	<u>2,236,953</u>	<u>4,292,637</u>
Net assets released from restrictions	494,249	(494,249)	-
Total support, revenue and gains	<u>9,534,404</u>	<u>1,982,798</u>	<u>11,517,202</u>
Allocations and Functional Expenses			
Allocations to agencies and other assistance provided	3,724,098	-	3,724,098
Less: designations to agencies	(916,565)	-	(916,565)
Net allocations	<u>2,807,533</u>	<u>-</u>	<u>2,807,533</u>
Other functional expenses:			
Fund raising	614,411	-	614,411
Community initiatives	637,642	-	637,642
Management and general	496,106	-	496,106
Total functional expenses	<u>1,748,159</u>	<u>-</u>	<u>1,748,159</u>
Total allocations and functional expenses	<u>4,555,692</u>	<u>-</u>	<u>4,555,692</u>
Changes in Net Assets	4,978,712	1,982,798	6,961,510
Net Assets - Beginning of Year	5,682,538	652,180	6,334,718
Net Assets - End of Year	<u>\$ 10,661,250</u>	<u>\$ 2,634,978</u>	<u>\$ 13,296,228</u>

See accompanying notes to financial statements.

United Way of Southwest Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2021

	Fund Raising	Community Initiatives	Management and General	Total
Salaries	\$ 288,382	\$ 379,745	\$ 235,949	\$ 904,076
Payroll taxes	25,686	33,660	21,015	80,361
Health and life insurance	38,760	48,882	31,713	119,355
Retirement plan	27,010	38,929	22,100	88,039
Total compensation	<u>379,838</u>	<u>501,216</u>	<u>310,777</u>	<u>1,191,831</u>
Professional fees	3,845	1,688	18,895	24,428
Office supplies and expense	10,500	10,207	7,970	28,677
Minor furniture and equipment	3,930	3,814	3,814	11,558
Printing	996	5,839	815	7,650
Campaign expenses	45,880	-	-	45,880
Postage and shipping	1,324	1,684	1,083	4,091
Computer expense	49,241	17,464	40,288	106,993
Telephone	10,474	12,119	8,569	31,162
Utilities	3,305	3,208	3,208	9,721
Repairs and maintenance	18,293	17,543	39,764	75,600
Marketing	9,360	6,076	-	15,436
Interest expense	11,163	10,834	10,834	32,831
Dues and subscriptions	1,934	1,745	1,580	5,259
Training and seminars	440	1,485	360	2,285
Organizational expenses	15	579	-	594
Travel	2,944	1,623	2,408	6,975
Insurance	10,555	6,602	9,673	26,830
Meeting expense	859	1,179	703	2,741
Depreciation	29,645	28,773	28,773	87,191
Miscellaneous	19,870	3,964	6,592	30,426
Total functional expenses	<u>\$ 614,411</u>	<u>\$ 637,642</u>	<u>\$ 496,106</u>	<u>\$ 1,748,159</u>

United Way of Southwest Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows From Operating Activities	
Change in net assets	\$ 6,961,510
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	87,191
(Increase) decrease in pledges receivable	464,701
(Increase) decrease in prepaid expenses	(1,807)
(Increase) decrease in other receivables	(17,033)
Increase (decrease) in accounts payable	74,611
Increase (decrease) in designations payable	<u>(89,168)</u>
Net Cash Provided (Used) by Operating Activities	<u>7,480,005</u>
Cash Flows From Investing Activities	
Purchase of investments	(153,155)
Maturity of investments	467,313
Fixed asset acquisitions	<u>(29,100)</u>
Net Cash Provided (Used) by Investing Activities	<u>285,058</u>
Cash Flows From Financing Activities	
PPP loan forgiveness	(190,100)
Payments for reduction of long-term debt	<u>(75,364)</u>
Net Cash Provided (Used) by Financing Activities	<u>(265,464)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,499,599
Cash and Cash Equivalents - Beginning of Period	<u>3,755,111</u>
Cash and Cash Equivalents - End of Period	<u><u>\$ 11,254,710</u></u>
Cash and Cash Equivalents at the end of the year consisted of:	
Unrestricted Cash	\$ 8,694,774
Restricted Cash	<u>2,559,936</u>
	<u><u>\$ 11,254,710</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 32,831</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Southwest Louisiana, Inc. (the United Way) is a nonprofit corporation recognized under the laws of the State of Louisiana for the purpose of raising funds to provide and/or support programs in the areas of education, income, and health. These programs may be provided by United Way or other local nonprofit organizations. The United Way's mission is: Positive Community Impact.

For more than 70 years, United Way has been committed to building strong, successful families and strengthening our community. When you join the United Way team, you're supporting a powerful movement to impact the region's most pressing health and human service needs.

Currently, United Way works with our partners to deliver 70 programs and multiple services that target community needs that center around the building blocks for a good life: a quality education that leads to stable employment, sufficient income to support a family through retirement, and sound mental and physical health.

Income Taxes

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

The United Way is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. The applicable form is based on the United Way's gross receipts. The United Way is in compliance with the filing requirements of the Internal Revenue Service. Returns are subject to examination by the IRS, generally for three years after they are filed.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the United Way may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2021.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The United Way also follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the United Way 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.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The United Way reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Program activities:	
Disaster Donations	\$ 2,362,796
Alcoa Grant – Dolly Parton Imagination Library	25,000
Capital One VITA Grant	5,588
Red River VITA Grant	1,500
	2,394,884
Subject to the passage of time:	
2021 campaign pledges recognized in current period	240,094
	\$ 2,634,978

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended June 30, 2021:

Purpose restrictions satisfied:		
Grant funding	\$	104,712
Disaster relief funding		109,134
Time restrictions satisfied:		
2020 campaign revenue		<u>280,403</u>
Total	\$	<u>494,249</u>

Accounting 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 and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Sick leave is not payable upon termination or resignation. Vacation leave accumulates based on the length of the employee's service. Upon termination or resignation, the outstanding balance of unused vacation leave can be paid to an employee. As of June 30, 2021, accrued compensated absences totaled \$41,467.

Property and Equipment

The United Way capitalizes expenditures property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful life of the asset. The estimated useful lives of such assets are summarized as follows:

Furniture and equipment	5 years
Automobiles	3 years
Building and improvements	25 years

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.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2021 was \$15,436.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributed Services and Materials

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the fiscal year ended June 30, 2021, United Way received \$47,184 in campaign marketing services which meet the criteria of recognition in the financial statements. The Organization also benefited from individuals who volunteered their time and performed a variety of tasks that assisted the United Way, however those services did not meet the criteria for recognition as contributed services.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services benefited. Certain indirect costs have been allocated to the functional categories based on the United Way's analysis of time devoted to each category. The allocation for the year ended June 30, 2021 was based on the following percentages:

Fund raising	36%
Community initiatives	37%
Management and general	27%

Campaign Revenue (Public Support)

Campaign revenues received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. All donations of campaign revenue are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as with donor restriction support that increases those net asset classes.

In addition, custodial funds, whereby United Way simply services as a conduit for contributions to others based on donor designations, are included in revenue in United Way's financial statements but are then subtracted from revenue and the related expense. The United Way honors all designations.

Pledges

Unconditional promises to give or pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give or pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in campaign revenue. There were no pledges that are to be collected in future years as of June 30, 2021. Conditional promises to give are not included as support until such time as the conditions are substantially met.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Cash and Cash Equivalents

The United Way considers all liquid investments with an original maturity of three months or less to be cash equivalents. On three bank accounts, donor and bank restrictions have been placed and the amounts of these accounts are shown as cash and cash equivalents – restricted. One account is donor restricted for hurricane recovery efforts and totals \$2,204,865 at June 30, 2021. Bank restrictions exist to maintain a separate bank account for security on the building loan which totals \$287,980 at June 30, 2021. Finally, one account is donor restricted for family support services totaling \$67,091.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers*, or Accounting Standards Codification Topic 606 (“ASC 606”), which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition* (“ASC 605”). This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract. On July 1, 2020, the United Way adopted ASC 606 and was applied to all contracts on a modified retrospective method.

We have analyzed the provisions of the FASB’s ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no material changes are necessary to conform with the new standard. Processing fee and contract fee revenues are recognized over the time in which the performance obligations are met. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The United Way’s estimate of the transaction price is determined based on the cost expended to provide such goods or services.

The following table presents the United Way’s net revenue disaggregated based on the revenue source:

	<u>For the year ended June 30,</u>	<u>2021</u>
Contract fee income		\$ 97,978
Processing fee revenue		<u>167,493</u>
Total revenue from contracts with customers		<u>\$ 265,471</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consists of the following:

Furniture and equipment	\$ 267,759
Building and improvements	1,802,067
Less: Accumulated depreciation	<u>(496,517)</u>
Net depreciable property and equipment	1,573,309
Land	<u>184,578</u>
Net property and equipment	\$ <u>1,757,887</u>

Deprecation expense for the year ended June 30, 2021 totaled \$87,191.

NOTE 3 – COMPLIANCE WITH LOAN COVENANTS

The loan agreement contains a requirement that United Way must deposit with Merchants and Farmers Bank & Trust a compensating balance totaling 20% of the original loan amount in a non-interest-bearing demand deposit account. The Organization met this required loan covenant.

NOTE 4 – FAIR VALUE MEASUREMENTS

The United Way has a number of financial instruments, none of which is held for trading purposes. The United Way estimates that the fair value of all financial instruments as of June 30, 2021, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the United Way using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The recorded values of cash and cash equivalents, receivables, prepaid expenses, deposits, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The United Way maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the United Way's uninsured cash balances total \$50,817.

The United Way has outstanding promises to give from individuals and companies in Southwest Louisiana. The United Way was exposed to a regional concentration of credit risk in the amount of \$1,111,442 at June 30, 2021.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 6 – NOTE PAYABLE

At June 30, 2021, the United Way had the following note payable:

Merchant & Farmers Bank & Trust:

Mortgage note payable dated September 30, 2016 in the amount of \$1,440,000; due in 239 installments of \$9,016.25 upon demand or loan maturity on October 1, 2036; bearing fixed interest of 4.375%, collateralized by real estate and deposit accounts.	\$ 686,551
Less current portion	<u>79,778</u>
Long-term portion	<u>\$ 606,773</u>

Maturities of debt are as follows:

June 30,	Amount
2022	\$ 79,778
2023	83,339
2024	87,059
2025	90,945
2026	95,005
Thereafter	<u>250,425</u>
Total	<u>\$ 686,551</u>

During the fiscal year ended June 30, 2020, the United Way received a loan in the amount of \$190,100 from the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During fiscal year June 30, 2021, the United Way applied for and has been notified that \$190,100 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in the accompanying statement of activities.

NOTE 7 – RETIREMENT BENEFITS

The United Way sponsors a 401(a) defined contribution plan and tax-deferred annuity plan that covers all eligible employees. Eligible employees include persons with one year of service with a minimum age of 21 years. Employer contributions for the 401(a) plan shall be 10% of the participant’s compensation for the plan year. Employees have the option to contribute to the tax-deferred annuity plan from 1% of salary to the maximum amount permitted by law. Total costs and employer contributions for the year ended June 30, 2021 were \$88,039.

NOTE 8 - BOARD COMPENSATION

Members of the United Way’s Board of Directors receive no compensation and are reimbursed only for any expenses incurred related to the United Way’s business which must have appropriate supporting documentation.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 9 - SUBSEQUENT EVENTS

The United Way evaluated its June 30, 2021 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The United Way is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The United Way has \$8,694,774 of cash financial assets available within one year of the statement of financial position date to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The United Way has a goal to maintain financial assets which consist of cash on hand and investments to meet 60 days of normal operating expenses, which are, on average, approximately \$250,000. The United Way has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the United Way deposits cash in excess of daily requirements in interest bearing certificates of deposit.

NOTE 11 - INVESTMENTS

The United Way applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the United Way has the ability to access.

Level 2 inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

As of June 30, 2021, the United Way’s investments measured on a recurring basis consisted of certificates of deposit with fair market value (Level 2) and costs bases as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Certificates of Deposit (Level 2 Cost Basis)	\$ 204,708	\$ 204,708	\$ -0-

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2021

NOTE 12 – COMMUNITY INITIATIVES

United Way 2-1-1/UWSWLA is an easy to remember phone number that links people in need to relevant information. When individuals call, they speak with a trained information and referral specialist who helps them navigate the complex maze of human services. The phone number is available 24 hours a day, 7 days a week, and even during a disaster. United Way 2-1-1/UWSWLA services the parishes of Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis. It is funded and maintained by United Way SWLA. For the 2020-2021 year, 44,137 calls were handled, with housing, utilities, and food being the top needs.

United Way SWLA funds and maintains a texting hotline for youth ages 13-22, 833.TXT.TEEN. Crisis intervention specialists are able to provide emotional support, information and/or referrals to community resources, and crisis intervention as needed. For the 2020-2021 year, 1,219 individuals were helped.

United Way SWLA hosted 9 Volunteer Income Tax Assistance (VITA) sites across the five-parish area with a total economic impact of \$4.5 million. Promoting the Earned Income Tax Credit (EITC) and free tax preparation services, the VITA program is a partnership between United Way, the IRS, and other community partners. Community volunteers are trained and certified to prepare basic income tax returns. Approximately 2,268 federal and state returns were prepared in the 2020-2021 tax season. The program is supported by a grant from the IRS, Red River Bank, and Capital One. VITA concentrates on the Economic Mobility Initiative of United Way SWLA.

For the Education Initiative, United Way SWLA participates with Dolly Parton's Imagination Library to provide free books for children birth to age 5. Children across Calcasieu and Allen parish, receive a free book each month from birth to age 5, helping to build their home library and encourage lifelong literacy skills. For the 2020-2021 year, 14,029 books were sent out. Literacy Kits for local Head Starts and Elementary students were assembled by community volunteers. The kits are designed for specific grades and range from STEM to art and anti-bullying. Each kit contains one book, volunteer designed props, games, or other activities to make the reading interactive. For the 2020-2021 year, 1,000 kits were distributed.

In an effort to be United Against Child Hunger, United Way provided 1,000 packages to children enrolled in the summer feeding program through the City of Lake Charles and Calcasieu Parish Police Jury. Local companies collect food from a list of child friendly, ready to serve items. These items are packaged by volunteers on UWSWLA Day of Caring and bags are then provided to children for weekend meals.

In fiscal year 2020-2021, Southwest Louisiana was hit with Hurricanes Laura and Delta. United Way SWLA supplied necessities, hot meals, tree and debris removal, and casework/needs assessments for the community. During a three-month period, 120,000 households were serviced at the United Way SWLA Relief Center with over 2,500 pallets of food, water, cleaning supplies, and basic necessities handed out.

SUPPLEMENTAL INFORMATION

United Way of Southwest Louisiana, Inc.
Agency Allocations and Community Services
For the Year Ended June 30, 2021

	<u>Actual</u>	<u>Budget</u>
Assist Agency	\$ 10,000	\$ 10,000
BeauCare	-	25,000
Beau A.R.C.	24,500	24,500
Beauregard Community Concerns	65,000	65,000
Beauregard Council on Aging	35,000	35,000
Big Brothers Big Sisters	67,000	67,000
McNeese Foundation - The Cay Core' Counseling Center	48,000	48,000
Calcasieu Community Clinic	25,000	25,000
Calcasieu Council on Aging	45,000	45,000
Oasis a Safe Haven	75,000	75,000
Girlie Girls Mentoring	19,000	19,000
Community Partners	85,470	85,470
Family & Youth Counseling	102,000	102,000
Girl Scouts	15,000	15,000
Volunteers of America	27,000	27,000
Junior Achievement	25,000	25,000
Literacy Council of Southwest Louisiana	68,000	68,000
Southwest Louisiana Youth Foundation	11,500	23,000
Southwest Louisiana Law Center	18,000	18,000
CADA-Jeff Davis Communities Against Domestic Abuse	13,000	13,000
SWLA Center for Health Services	10,000	10,000
Project Build a Future	22,000	22,000
St. Nicholas Center for Children	58,000	58,000
United Way Programs	1,844,298	1,844,298
Louisiana Association of United Way Dues	26,403	26,403
United Way Worldwide	68,382	68,382
	<u>\$ 2,807,553</u>	<u>\$ 2,844,053</u>

United Way of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

June 30, 2021

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head Name: Denise Durel, Executive Director

Purpose	Amount
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Benefits-Life, ADD, LTD	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements – Auto Mileage Reimb	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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Member Louisiana Society of
Certified Public Accountants

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 Directors
United Way of Southwest Louisiana, Inc.
Lake Charles, LA

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 United Way of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southwest Louisiana, Inc.'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 Southwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'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 Southwest Louisiana, Inc.'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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
October 27, 2021

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Schedule of Findings and Responses
June 30, 2021

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies and material weaknesses in internal control – none reported.
3. Noncompliance material to the financial statements – none reported.

B. GAGAS Finding:

None reported.

C. Prior Year Findings:

None reported.