

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

Financial Statements
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southwest Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Southwest Louisiana, Inc. as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southwest Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southwest Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 to Executive Director 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 Schedule of Agency Allocations and Community Services and Schedule of Compensation, Benefits and Other Payments to Executive Director are 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 our report dated October 20, 2022, 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 solely 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 the effectiveness of United Way of Southwest Louisiana, Inc.'s 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, LLC

Lake Charles, Louisiana
October 20, 2022

United Way of Southwest Louisiana, Inc.
Statement of Financial Position
As of June 30, 2022

Assets

Current Assets

| | | |
|---|----|------------|
| Cash and cash equivalents | \$ | 9,494,941 |
| Cash and cash equivalents - restricted | | 2,445,063 |
| 2022 pledges receivable | | 21,793 |
| 2021 pledges receivable (less allowance for uncollectible pledges of \$300,000) | | 1,465,677 |
| Grant receivable | | 46,478 |
| Contract receivables | | 87,524 |
| Prepaid expenses | | 14,090 |
| Total Current Assets | | 13,575,566 |

Property and Equipment

| | | |
|-------------------------------|--|-----------|
| Furniture and equipment | | 363,262 |
| Building and improvements | | 1,834,567 |
| | | 2,197,829 |
| Less accumulated depreciation | | (556,882) |
| | | 1,640,947 |
| Land | | 184,578 |
| Total Property and Equipment | | 1,825,525 |

Other Assets

| | | |
|--------------------|----|------------|
| Deposits | | 2,443 |
| Total Other Assets | | 2,443 |
| Total Assets | \$ | 15,403,534 |

Liabilities and Net Assets

Current Liabilities

| | | |
|---------------------------------------|----|---------|
| Accounts payable and accrued expenses | \$ | 232,959 |
| Donor designations payable | | 158,774 |
| Current portion of note payable | | 83,339 |
| Total Current Liabilities | | 475,072 |

Long Term Liabilities

| | | |
|---------------------------------------|--|---------|
| Note payable - net of current portion | | 523,521 |
| Total Liabilities | | 998,593 |

Net Assets

| | | |
|----------------------------------|----|------------|
| Without donor restrictions | | 11,545,008 |
| With donor restrictions | | 2,859,933 |
| Total Net Assets | | 14,404,941 |
| Total Liabilities and Net Assets | \$ | 15,403,534 |

United Way of Southwest Louisiana, Inc.
Statement of Activities
For the Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Combined Total</u> |
|---|---------------------------------------|------------------------------------|---------------------------|
| Support, Revenues and Gains | | | |
| Public Support: | | | |
| Contributions | \$ 3,551,163 | \$ 355,365 | \$ 3,906,528 |
| Less | | | |
| Provision for uncollectible accounts | (262,793) | - | (262,793) |
| Donor designations | (726,870) | - | (726,870) |
| Total public support | <u>2,561,500</u> | <u>355,365</u> | <u>2,916,865</u> |
| Revenues and gains | | | |
| Grant income | 575,807 | 421,834 | 997,641 |
| Contract income | 573,018 | - | 573,018 |
| Meeting income | 1,640 | - | 1,640 |
| Investment income | 60,038 | - | 60,038 |
| Disaster relief donations | 134,487 | 45,987 | 180,474 |
| Miscellaneous income | 25,386 | - | 25,386 |
| Processing fee revenue | 110,839 | - | 110,839 |
| In-kind income | 39,432 | - | 39,432 |
| Special event income | 22,993 | - | 22,993 |
| Total revenues and gains | <u>1,543,640</u> | <u>467,821</u> | <u>2,011,461</u> |
| Net assets released from restrictions | 598,231 | (598,231) | - |
| Total support, revenue and gains | <u>4,703,371</u> | <u>224,955</u> | <u>4,928,326</u> |
| Allocations and Functional Expenses | | | |
| Allocations to agencies and other assistance provided | 2,596,139 | - | 2,596,139 |
| Less: designations to agencies | (726,870) | - | (726,870) |
| Net allocations | <u>1,869,269</u> | <u>-</u> | <u>1,869,269</u> |
| Functional expenses | | | |
| Program services | | | |
| Community impact | 542,803 | - | 542,803 |
| Disaster management | 48,655 | - | 48,655 |
| Case management | 274,008 | - | 274,008 |
| Other programs | 108,042 | - | 108,042 |
| Total program services | <u>973,508</u> | <u>-</u> | <u>973,508</u> |
| Supporting services | | | |
| Management and general | 396,854 | - | 396,854 |
| Fund raising | 579,982 | - | 579,982 |
| Total supporting services | <u>976,836</u> | <u>-</u> | <u>976,836</u> |
| Total functional expenses | <u>1,950,344</u> | <u>-</u> | <u>1,950,344</u> |
| Total allocations and functional expenses | <u>3,819,613</u> | <u>-</u> | <u>3,819,613</u> |
| Changes in Net Assets | 883,758 | 224,955 | 1,108,713 |
| Net Assets - Beginning of Year | 10,661,250 | 2,634,978 | 13,296,228 |
| Net Assets - End of Year | <u>\$ 11,545,008</u> | <u>\$ 2,859,933</u> | <u>\$ 14,404,941</u> |

See accompanying notes to financial statements.

United Way of Southwest Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2022

| | Program Services | | | | Supporting Services | | | | Total Expenses |
|-------------------------------|-------------------------|----------------------------|------------------------|-----------------------|-------------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|
| | Community Impact | Disaster Management | Case Management | Other Programs | Total Program Services | Management and General | Fund Raising | Total Supporting Services | |
| Salaries | \$ 280,955 | \$ - | \$ 89,184 | \$ 29,713 | \$ 399,852 | \$ 192,359 | \$ 235,106 | \$ 427,465 | \$ 827,317 |
| Payroll taxes | 29,547 | - | 3,950 | - | 33,497 | 18,557 | 22,681 | 41,238 | 74,735 |
| Health and life insurance | 48,797 | - | 8,584 | - | 57,381 | 27,594 | 33,727 | 61,321 | 118,702 |
| Retirement plan | 40,412 | - | - | - | 40,412 | 17,739 | 21,682 | 39,421 | 79,833 |
| Employee benefits | - | - | - | - | - | 4,000 | - | 4,000 | 4,000 |
| Total compensation | <u>399,711</u> | <u>-</u> | <u>101,718</u> | <u>29,713</u> | <u>531,142</u> | <u>260,249</u> | <u>313,196</u> | <u>573,445</u> | <u>1,104,587</u> |
| Professional fees | 1,473 | - | - | - | 1,473 | 13,701 | 3,606 | 17,307 | 18,780 |
| Contract labor | - | 43,265 | 108,721 | 47,384 | 199,370 | - | - | - | 199,370 |
| Office supplies and expense | 11,797 | 472 | 1,077 | 1,652 | 14,998 | 9,513 | 11,628 | 21,141 | 36,139 |
| Minor furniture and equipment | 2,539 | - | - | - | 2,539 | 2,051 | 2,051 | 4,102 | 6,641 |
| Printing | 3,859 | - | 3,125 | - | 6,984 | 1,628 | 1,153 | 2,781 | 9,765 |
| Campaign expenses | - | - | - | - | - | - | 119,485 | 119,485 | 119,485 |
| Postage and shipping | 667 | - | - | - | 667 | 1,352 | 1,653 | 3,005 | 3,672 |
| Computer expense | 20,174 | 4,673 | 6,201 | 18,135 | 49,183 | 27,949 | 34,160 | 62,109 | 111,292 |
| Telephone | 15,599 | - | - | - | 15,599 | 11,130 | 13,604 | 24,734 | 40,333 |
| Utilities | 3,093 | - | 3,807 | - | 6,900 | 2,499 | 2,499 | 4,998 | 11,898 |
| Repairs and maintenance | 14,564 | - | 13,525 | - | 28,089 | 14,625 | 12,846 | 27,471 | 55,560 |
| Marketing | 2,381 | - | - | 9,171 | 11,552 | - | 6,029 | 6,029 | 17,581 |
| Interest expense | 7,411 | - | 9,121 | - | 16,532 | 5,986 | 5,986 | 11,972 | 28,504 |
| Dues and subscriptions | 4,815 | - | - | - | 4,815 | 2,211 | 1,368 | 3,579 | 8,394 |
| Training and seminars | 16,508 | - | - | - | 16,508 | 7,923 | 9,683 | 17,606 | 34,114 |
| Organizational expenses | 3,503 | - | - | - | 3,503 | - | 4,955 | 4,955 | 8,458 |
| Travel | 3,309 | 245 | - | 1,987 | 5,541 | 2,200 | 2,689 | 4,889 | 10,430 |
| Insurance | 6,009 | - | 7,396 | - | 13,405 | 12,587 | 4,854 | 17,441 | 30,846 |
| Meeting expense | 3,108 | - | - | - | 3,108 | 183 | 6,003 | 6,186 | 9,294 |
| Depreciation | 15,695 | - | 19,317 | - | 35,012 | 12,677 | 12,675 | 25,352 | 60,364 |
| Miscellaneous | 6,588 | - | - | - | 6,588 | 8,390 | 9,859 | 18,249 | 24,837 |
| Total functional expenses | <u>\$ 542,803</u> | <u>\$ 48,655</u> | <u>\$ 274,008</u> | <u>\$ 108,042</u> | <u>\$ 973,508</u> | <u>\$ 396,854</u> | <u>\$ 579,982</u> | <u>\$ 976,836</u> | <u>\$ 1,950,344</u> |

See accompanying notes to financial statements

United Way of Southwest Louisiana, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2022

| | |
|---|-----------------------------|
| Cash Flows From Operating Activities | |
| Change in net assets | \$ 1,108,713 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operations: | |
| Depreciation | 60,364 |
| (Increase) decrease in pledges receivable | (376,028) |
| (Increase) decrease in prepaid expenses | (939) |
| (Increase) decrease in grant receivables | (25,987) |
| (Increase) decrease in contract receivables | (84,524) |
| Increase (decrease) in accounts payable | 25,460 |
| Increase (decrease) in designations payable | (18,780) |
| | <u>688,279</u> |
| Net Cash Provided (Used) by Operating Activities | <u>688,279</u> |
| Cash Flows From Investing Activities | |
| Maturity of investments | 204,708 |
| Fixed asset acquisitions | (128,003) |
| | <u>76,705</u> |
| Net Cash Provided (Used) by Investing Activities | <u>76,705</u> |
| Cash Flows From Financing Activities | |
| Payments for reduction of long-term debt | (79,690) |
| | <u>(79,690)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>(79,690)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 685,294 |
| Cash and Cash Equivalents - Beginning of Period | <u>11,254,710</u> |
| Cash and Cash Equivalents - End of Period | <u><u>\$ 11,940,004</u></u> |
| Cash and Cash Equivalents at the end of the year consisted of: | |
| Unrestricted Cash | \$ 9,494,941 |
| Restricted Cash | 2,445,063 |
| | <u><u>\$ 11,940,004</u></u> |
| Supplemental disclosure of cash flow information: | |
| Cash paid during the year for interest | <u><u>\$ 28,504</u></u> |

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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, 2022.

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, 2022

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 | \$ 2,082,573 |
| Center for Disaster Philanthropy - Hurricane | 75,000 |
| Citgo - Disaster | 25,000 |
| Walmart Grant – Disaster Assistance | 242,368 |
| State of Louisiana – SBA Early Feeding (COVID) | 25,000 |
| Roy O’Martin | 6,305 |
| Center Point Energy – Literacy Kits | 12,305 |
| United Way Worldwide – Summer of Service | 1,400 |
| Alcoa Grant – Summer of Service | 19,956 |
| Capital One VITA Grant | 14,500 |
| Red River VITA Grant | 161 |
| | <hr/> |
| | 2,504,568 |
| Subject to the passage of time: | |
| 2022 campaign pledges recognized in current period | 355,365 |
| | <hr/> |
| | \$ 2,859,933 |

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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, 2022:

| | | |
|---------------------------------|----|----------------|
| Purpose restrictions satisfied: | | |
| Grant funding | \$ | 106,927 |
| Disaster relief contributions | | 251,210 |
| Time restrictions satisfied: | | |
| 2021 campaign revenue | | <u>240,094</u> |
| Total | \$ | <u>598,231</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, 2022, accrued compensated absences totaled \$31,485.

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, 2022 was \$17,581.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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, 2022, United Way received \$39,432 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

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

The United Way uses the following program service categories for reporting purposes:

Community Impact – Includes agency evaluation and monitoring, research and development of internal programs with the focus areas of Education, Economic Mobility, Health, and Basic Needs.

Disaster Management – Support for rebuilding efforts as part of the short-term and long-term recovery activities set forth by the United Way related to hurricanes, floods, and/or other natural disasters.

Case Management – Includes grants and contracts such as Calcasieu Parish Prisoner Reentry Program, Louisiana’s DCFS TANF program, Calcasieu Parish Policy Jury Emergency Rental Program, Louisiana Housing Corporation’s Emergency Solutions Grant, and Louisiana DCFS No Wrong Door. These programs assist in a short-term remedy for low-income individuals during a crisis.

Other Programs - Includes grants for United Way programs such as VITA, Day of Caring, Summer of Service and WriteStart.

For additional descriptions of United Way assistance activities, see the “Community Initiatives” note 12.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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

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, 2022. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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 \$2,082,573 at June 30, 2022. Bank restrictions exist to maintain a separate bank account for security on the building loan which totals \$287,980 at June 30, 2022. Finally, one account is donor restricted for family support services totaling \$74,510.

Revenue Recognition

The United Way adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, or Accounting Standards Codification Topic 606 ("ASC 606"). The guidance outlines a single, comprehensive model for accounting for revenue in exchange transactions from contracts with customers. The United Way's revenue derived from exchange transactions are for services performed under terms of various contracts, processing fees charged to third party beneficiaries for collection of funds on their behalf, and special event revenue. Third parties receive the funds raised on their behalf by the United Way, net of processing fees charged. The United Way applied Topic 606 to its revenue derived from exchange transactions as follows:

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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

Revenue Recognition (Continued)

Transaction price - The transaction price of contract revenue and special event revenue are based on the cost expended to provide such goods and services. The transaction price of processing fees is based on a percentage of the amount of funds raised for the third party and includes an administrative fee.

Performance obligations – The United Way has identified the following performance obligations in exchange transactions: (1) services under terms of various contracts; (2) fundraising services to obtain donations; and (3) collection of donor pledges for third parties. The United Way applies the principles of materiality in the determination of the performance obligations.

Payments under contracts recognize revenue when performance obligations under the terms of the contracts with contractors are satisfied. Special event revenues represent reciprocal transfers (exchange transactions) are recognized with the performance obligation is satisfied. Processing 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.

The following table presents the United Way’s net revenue disaggregated based on the revenue source for the year ended June 30, 2022:

| | |
|---|------------|
| Contract fee income | \$ 573,018 |
| Processing fee revenue | 110,839 |
| Total revenue from contracts with customers | \$ 683,857 |

The following table presents the United Way’s contract balances based on revenues from contracts with customers:

| | |
|----------------------------|-----------|
| Receivables from contracts | \$ 87,524 |
|----------------------------|-----------|

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 consists of the following:

| | |
|--|--------------|
| Furniture and equipment | \$ 363,262 |
| Building and improvements | 1,834,567 |
| Less: Accumulated depreciation | (556,882) |
| Net depreciable property and equipment | 1,640,947 |
| Land | 184,578 |
| Net property and equipment | \$ 1,825,525 |

Depreciation expense for the year ended June 30, 2022 totaled \$60,364.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

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, 2022, 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 United Way could realize in a current market exchange. The recorded values of cash and cash equivalents, receivables, prepaid expenses, deposits, accounts payable and accrued expenses, and donor designations payable 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, 2022, the United Way's uninsured cash balances total \$72,506.

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 \$1,487,470 at June 30, 2022.

NOTE 6 – 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, 2022 were \$79,833.

NOTE 7 - 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, 2022

NOTE 8 – NOTE PAYABLE

At June 30, 2022, 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. | \$ 606,860 |
| Less current portion | <u>83,339</u> |
| Long-term portion | <u>\$ 523,521</u> |

Maturities of debt are as follows:

| June 30, | Amount |
|------------|-------------------|
| 2023 | \$ 83,339 |
| 2024 | 87,059 |
| 2025 | 90,945 |
| 2026 | 95,005 |
| 2027 | 99,246 |
| Thereafter | <u>151,266</u> |
| Total | <u>\$ 606,860</u> |

NOTE 9 - SUBSEQUENT EVENTS

The United Way evaluated its June 30, 2022 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 \$9,494,941 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 \$350,000. 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.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

NOTE 12 – COMMUNITY INITIATIVES

Economic Mobility

United Way SWLA hosted 9 Volunteer Income Tax Assistance (VITA) sites across the five-parish area with a total economic impact of \$4.75 million. Promoting the Earned Income Tax Credit (EITC) and free tax preparation services, the VITA program is a partnership between United Way SWLA, the IRS, and other community partners. Community volunteers are trained and certified to prepare basic income tax returns. Approximately 2,169 federal and state returns were prepared in the 2021-2022 tax season. The program is supported by a grant from the IRS, Entergy, and Capital One.

With funding from the Louisiana Department of Public Safety & Corrections, United Way SWLA partners with local non-profits and agencies to implement the Calcasieu Prisoner Reentry Initiative. This initiative builds a collaborative network of support, services, housing, and transportation to high or moderate risk offenders returning to Calcasieu Parish. As of fiscal year end, 39 individuals were enrolled in this program.

Education

United Way SWLA participates with Dolly Parton's Imagination Library to provide free books for children birth to age 5. Children across our service area receive a free book each month, helping to build their home library and encourage lifelong literacy skills. For the 2021-2022 year, 18,796 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 2021-2022 year, 1,000 kits were distributed.

United Way SWLA was able to provide funding for the SSEP with the Calcasieu Parish School Board. SSEP is Student Spaceflight Experiments Program which engages students grades 5-12 in microgravity experiment design and proposal writing.

Beauregard Parish Head Start, Lake Arthur Elementary and Jennings Elementary students were provided uniforms through United Way SWLA's WRITESTART initiative.

Health

United Way SWLA funds and maintains a texting hotline for youth ages 13-22, 833.TXT.TEEN. Crisis intervention specialists can provide emotional support, information and/or referrals to community resources, and crisis intervention as needed. For the 2021-2022 year, 62 teens were helped. Along with the text line, United Way SWLA offers a Crisis Online Chat. The online chat is for anyone who is going through a difficult time, having thoughts about suicide, or just needing to talk to someone. It is confidential and operated by professionally licensed crisis intervention specialists. 1,090 individuals chatted with a counselor for the fiscal year 2021-2022.

In an effort to be United Against Child Hunger, United Way provided 6,000 packages to children enrolled in the summer feeding program through the 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.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2022

NOTE 12 – COMMUNITY INITIATIVES (Continued)

Basic Needs

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 now offers a text number 898-211. 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 2021-2022 year, 20,668 calls/texts were handled, with housing, utilities, and food being the top needs.

In fiscal year 2021-2022, United Way SWLA partnered with the Calcasieu Parish Policy Jury Human Services Department to assist with the case management of the Emergency Rental Assistance Program (ERAP). The ERAP provides direct financial assistance, including rent, rental arrears, utilities, and other expenses related to housing. With United Way SWLA assistance, 607 cases were worked with pay outs to landlords and utility companies totaling \$4,366,078.

Louisiana Department of Children & Family Services administers the Temporary Assistance for Needy Families program (TANF). TANF provides short-term assistance to meet an individual's basic needs (i.e., food, clothing, housing, utilities, transportation, and childcare). For fiscal year 2021-2022, United Way SWLA was awarded \$208,500 to administer case management to determine qualification to assist eligible individuals in our five-parish community.

SUPPLEMENTAL INFORMATION

United Way of Southwest Louisiana, Inc.
Agency Allocations and Community Services
For the Year Ended June 30, 2022

| | <u>Actual</u> | <u>Budget</u> |
|--|---------------------|---------------------|
| Assist Agency | \$ 10,000 | \$ 10,000 |
| Beauregard A.R.C. | 5,000 | 5,000 |
| Beauregard Community Concerns | 45,000 | 45,000 |
| Beauregard Council on Aging | 30,000 | 30,000 |
| Big Brothers Big Sisters | 37,500 | 37,500 |
| Boys & Girls Club of Acadiana | 40,000 | 40,000 |
| McNeese Foundation - KDCC | 40,000 | 40,000 |
| Calcasieu Community Clinic | 12,500 | 12,500 |
| Calcasieu Council on Aging | 40,000 | 40,000 |
| Oasis a Safe Haven | 10,000 | 10,000 |
| Girlie Girls Mentoring | 15,000 | 15,000 |
| Community Partners | 143,079 | 143,079 |
| Family & Youth Counseling | 52,000 | 52,000 |
| Girl Scouts | 10,000 | 10,000 |
| Diocese of Lake Charles - Catholic Charities | 31,500 | 31,500 |
| Volunteers of America | 9,000 | 9,000 |
| Junior Achievement | 15,000 | 15,000 |
| Literacy Council of Southwest Louisiana | 30,000 | 30,000 |
| Salvation Army | 20,000 | 20,000 |
| CADA-Jeff Davis Communities Against Domestic Abuse | 13,000 | 13,000 |
| SWLA Center for Health Services | 10,000 | 10,000 |
| Merryville Community Health Center | 7,500 | 7,500 |
| Project Build a Future | 22,000 | 22,000 |
| St. Nicholas Center for Children | 35,000 | 35,000 |
| United Way Programs | 1,055,099 | 1,055,099 |
| Louisiana Association of United Way Dues | 21,560 | 21,560 |
| United Way Worldwide | 109,531 | 109,531 |
| | <u>\$ 1,869,269</u> | <u>\$ 1,869,269</u> |

United Way of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

June 30, 2022

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 | - |

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

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Member American Institute of
Certified Public Accountants

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, 2022, 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 20, 2022.

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.

Report on 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 20, 2022

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Schedule of Findings and Responses
June 30, 2022

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.