

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
The United Way of Northeast Louisiana, Inc.
Monroe, LA 71201

Report on the Financial Statements

We have audited the accompanying financial statements of The United Way of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 The United Way of Northeast Louisiana, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Little & Associates, LLC

Monroe, LA
October 18, 2019

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and Cash Equivalents	\$ 647,781	\$ 502,509
Investments	569,582	562,376
Pledges Receivable, less allowances for uncollectibles of \$307,316 and \$320,115, respectively	1,610,738	1,650,295
Receivables - Third Party Processors	261,703	362,264
Other Receivables	46,568	50,262
Prepaid Assets	8,417	5,932
Property and Equipment, less accumulated depreciation of \$847,702 and \$803,820, respectively	<u>341,925</u>	<u>357,767</u>
 Total Assets	 <u><u>\$ 3,486,714</u></u>	 <u><u>\$ 3,491,405</u></u>
 Liabilities and Net Assets		
Liabilities		
Allocations Payable	\$ 380,255	\$ 578,817
Designations Payable	515,743	590,218
Accounts Payable	79,250	55,308
Accrued Payroll, Pension, and Taxes	57,176	76,559
Deferred Revenue	88,463	44,763
Total Liabilities	<u>1,120,887</u>	<u>1,345,665</u>
 Net Assets		
Net Assets Without Donor Restrictions	<u>851,709</u>	<u>600,626</u>
Total Net Assets Without Donor Restrictions	<u>851,709</u>	<u>600,626</u>
 Cash Restricted for Ruston Tornado and Recovery	 55,093	 -
Cash Restricted for Homeless Emergency	14,087	33,435
Annual Campaign Pledges	<u>1,444,938</u>	<u>1,511,679</u>
Total Net Assets With Donor Restrictions	<u>1,514,118</u>	<u>1,545,114</u>
Total Net Assets	<u>2,365,827</u>	<u>2,145,740</u>
 Total Liabilities and Net Assets	 <u><u>\$ 3,486,714</u></u>	 <u><u>\$ 3,491,405</u></u>

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
	Undesignated	Annual Campaign Pledges	Ruston Tornado and Recovery	Homeless Emergency	
Public Support and Revenue					
Gross Campaign Results	\$ -	\$ 3,982,748	\$ -	\$ -	\$ 3,982,748
Campaign Previously Reported	-	(31,188)	-	-	(31,188)
Campaign for Future Year	-	3,167	-	-	3,167
Legacy Transfer	-	-	-	-	-
Donor Designations	-	(820,414)	-	-	(820,414)
Provision for Uncollectible	-	(278,792)	-	-	(278,792)
Net Campaign Revenue	-	2,855,521	-	-	2,855,521
Additional Pledges	32,950	-	-	-	32,950
In-Kind Contributions	18,750	-	-	-	18,750
Grants and Other Income	528,437	-	60,594	138,302	727,333
Other Gains (Losses)	94,578	-	-	-	94,578
Investment Income	20,831	-	-	-	20,831
Sponsorships	29,069	-	-	-	29,069
Total	724,615	2,855,521	60,594	138,302	3,779,032
Net Assets Released from Restriction:					
Satisfaction of Purpose Restrictions	3,085,413	(2,922,262)	(5,501)	(157,650)	-
Satisfaction of Implied Time Restrictions	-	-	-	-	-
Total Public Support and Revenue	3,810,028	(66,741)	55,093	(19,348)	3,779,032
Expenses					
Program Services					
Gross Funds Awarded/Distributed	2,100,596	-	-	-	2,100,596
Less: Donor Designations	(820,414)	-	-	-	(820,414)
Net Funds Awarded/Distributed	1,280,182	-	-	-	1,280,182
United Way 2-1-1	232,801	-	-	-	232,801
LAUW - 211	497,177	-	-	-	497,177
Community Investment	95,989	-	-	-	95,989
Community Impact	403,441	-	-	-	403,441
Flood Response and Recovery	5,684	-	-	-	5,684
Homeless Emergency					
Emergency Sheltering	157,650	-	-	-	157,650
Front Door to Housing	107,514	-	-	-	107,514
Total Homeless Emergency	265,164	-	-	-	265,164
Other	-	-	-	-	-
Total Program Services	2,780,438	-	-	-	2,780,438
Support Services					
Organizational Administration	305,484	-	-	-	305,484
Fundraising	473,023	-	-	-	473,023
Total Support Services	778,507	-	-	-	778,507
Total Expenses	3,558,945	-	-	-	3,558,945
Change in Net Assets	251,083	(66,741)	55,093	(19,348)	220,087
Net Assets at Beginning of Year	600,626	1,511,679	-	33,435	2,145,740
Net Assets at End of Year	\$ 851,709	\$ 1,444,938	\$ 55,093	\$ 14,087	\$ 2,365,827

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions				Total
	Undesignated	Annual Campaign Pledges	Flood Response and Recovery	Homeless Emergency	Other		
Public Support and Revenue							
Gross Campaign Results	\$ -	\$ 4,252,950	\$ -	\$ 1,200	\$ -	\$ -	\$ 4,254,150
Campaign Previously Reported	-	(17,527)	-	-	-	-	(17,527)
Campaign for Future Year	-	31,188	-	-	-	-	31,188
Legacy Transfer	-	-	-	-	-	-	-
Donor Designations	-	(992,977)	-	-	-	-	(992,977)
Provision for Uncollectible	-	(297,791)	-	-	-	-	(297,791)
Net Campaign Revenue	-	2,975,843	-	1,200	-	-	2,977,043
Additional Pledges	55,876	-	-	-	-	-	55,876
In-Kind Contributions	19,460	-	-	-	-	-	19,460
Grants and Other Income	529,912	-	19,069	70,059	10,165	-	629,205
Other Gains (Losses)	47,924	-	-	-	-	-	47,924
Investment Income	13,539	-	-	-	-	-	13,539
Sponsorships	22,922	-	-	-	-	-	22,922
Total	689,633	2,975,843	19,069	71,259	10,165	-	3,765,969
Net Assets Released from Restriction:							
Satisfaction of Purpose Restrictions	3,221,418	(3,059,413)	(114,016)	(37,824)	(10,165)	-	-
Satisfaction of Implied Time Restrictions	-	-	-	-	-	-	-
Total Public Support and Revenue	3,911,051	(83,570)	(94,947)	33,435	-	-	3,765,969
Expenses							
Program Services							
Gross Funds Awarded/Distributed	2,612,432	-	-	-	-	-	2,612,432
Less: Donor Designations	(992,977)	-	-	-	-	-	(992,977)
Net Funds Awarded/Distributed	1,619,455	-	-	-	-	-	1,619,455
United Way 2-1-1	250,411	-	-	-	-	-	250,411
LAUW - 211	445,573	-	-	-	-	-	445,573
Community Investment	101,361	-	-	-	-	-	101,361
Community Impact	416,700	-	-	-	-	-	416,700
Flood Response and Recovery	114,194	-	-	-	-	-	114,194
Homeless Emergency							
Emergency Sheltering	63,903	-	-	-	-	-	63,903
Front Door to Housing	97,825	-	-	-	-	-	97,825
Total Homeless Emergency	161,728	-	-	-	-	-	161,728
Other	10,165	-	-	-	-	-	10,165
Total Program Services	3,119,587	-	-	-	-	-	3,119,587
Support Services							
Organizational Administration	308,024	-	-	-	-	-	308,024
Fundraising	468,069	-	-	-	-	-	468,069
Total Support Services	776,093	-	-	-	-	-	776,093
Total Expenses	3,895,680	-	-	-	-	-	3,895,680
Change in Net Assets	15,371	(83,570)	(94,947)	33,435	-	-	(129,711)
Net Assets at Beginning of Year	585,255	1,595,249	94,947	-	-	-	2,275,451
Net Assets at End of Year	\$ 600,626	\$ 1,511,679	\$ -	\$ 33,435	\$ -	\$ -	\$ 2,145,740

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Homeless Emergency			Flood Response and Recovery		Community Impact		Other		Support Services		TOTAL
	Allocation Services	United Way 2-1-1	LAUW - 211	Community Investment	Community Impact	Homeless Emergency	Flood Response and Recovery	Community Impact	Other	Organizational Administration	Fundraising Campaign	Total	Total			
Allocation/Awards	\$ 2,612,432	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 2,612,432	
Less: Donor Designations	(992,977)	-	-	-	-	-	-	-	-	-	-	-	-	-	(992,977)	
Sub-Total	1,619,455	-	-	-	-	-	-	-	-	-	-	-	-	-	1,619,455	
Salaries	-	126,004	310,597	39,213	204,627	-	-	-	-	680,441	248,564	375,909	1,056,350			
Hospitalization Insurance	-	26,711	49,425	6,297	34,081	-	-	-	-	116,514	35,389	59,690	176,204			
Other Payroll Expenses	-	19,511	30,354	6,189	32,928	-	-	-	-	97,982	31,970	54,155	152,137			
Sub-Total	-	172,226	399,376	51,699	271,636	-	-	-	-	894,937	315,923	489,754	1,384,691			
Auto	-	2,548	1,002	916	5,506	-	-	-	-	9,972	4,771	15,394	25,366			
Awards, Recognition Banquet	-	-	-	-	-	-	-	-	-	-	175	11,515	11,690			
Bank Charges	-	7	-	15	22	-	-	-	-	44	983	3,428	4,411			
Building and Property Maintenance	-	3,552	-	3,588	3,050	-	-	-	-	10,190	4,660	8,266	18,456			
Campaign Events	-	-	-	-	-	-	-	-	-	-	-	3,733	3,733			
Community Supplies	-	-	-	-	-	-	-	-	-	-	-	769	769			
Community Meetings	-	-	-	-	-	-	-	-	-	-	-	15	15			
Depreciation	-	7,753	-	8,313	6,665	-	-	-	-	22,731	9,003	18,926	41,657			
Dues, Memberships and Subscriptions	-	14,518	-	8,731	8,827	-	-	-	-	32,076	893	698	33,667			
Equipment	-	1,203	(206)	1,793	767	-	-	-	-	5,557	4,892	14,185	22,634			
Community Impact Program Expenses	-	149	-	-	79,377	-	-	-	-	79,326	-	-	79,326			
Insurance	-	1,044	-	1,131	892	-	-	-	-	3,067	3,956	1,158	8,181			
Janitorial	-	1,290	-	1,441	1,251	-	-	-	-	3,982	1,789	3,524	7,506			
Leadership Giving Recognition	-	-	-	-	-	-	-	-	-	-	1,735	13,709	13,709			
Marketing	-	20,873	-	253	9,886	-	-	-	-	31,012	3,478	31,400	65,890			
Meetings and Lunches	-	176	188	-	35	-	-	-	-	399	2,390	3,293	3,692			
Office Rent	-	-	-	3,570	3,615	-	-	-	-	7,185	-	5,860	13,045			
Office Supplies	-	1,287	284	1,334	2,546	-	-	-	-	5,451	4,354	4,161	13,966			
Postage	-	90	113	8	27	-	-	-	-	238	249	2,773	3,260			
Professional Fees	-	3,610	7,398	1,799	6,375	-	-	-	-	19,182	64,927	9,198	93,307			
Specific Assistance to Individuals	-	1,948	-	-	-	-	-	-	-	288,035	-	-	288,035			
Telephone and Internet	-	4,445	31,174	2,691	5,987	-	-	-	-	44,297	4,069	8,777	57,143			
Travel, Education and Training	-	1,575	6,244	925	1,743	-	-	-	-	10,487	1,656	1,169	13,312			
Utilities	-	3,344	-	3,458	2,952	-	-	-	-	9,754	4,418	3,518	17,690			
Sub-Total	-	69,412	46,197	39,966	139,523	-	-	-	-	581,185	122,188	141,990	845,565			
United Way Worldwide Dues	-	8,773	-	9,696	5,541	-	-	-	-	24,010	12,005	10,156	46,171			
Total Expenses	\$ 1,619,455	\$ 280,411	\$ 445,573	\$ 101,361	\$ 416,700	\$ 114,194	\$ 114,194	\$ 10,165	\$ 10,165	\$ 3,119,587	\$ 308,034	\$ 468,069	\$ 3,895,680			

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 220,087	\$ (129,711)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities		
Depreciation	67,265	41,657
(Gain) Loss from Disposal of Fixed Assets - Hail Storm and Lightning Damage	(33,736)	-
Change in Allowance for Uncollectibles	(12,799)	(45,601)
Changes in Assets and Liabilities		
Pledges Receivable	52,356	125,187
Receivables - Third Party Processors	100,561	(54,847)
Other Receivables	3,694	(43,583)
Prepaid Assets	(2,485)	85
Allocations Payable	(198,562)	(117,692)
Designations Payable	(74,475)	100,857
Accounts Payable	23,942	27,996
Accrued Payroll, Pension, and Taxes	(19,383)	1,552
Deferred Revenue	43,700	(710)
Total Adjustments	<u>(49,922)</u>	<u>34,901</u>
Net Cash Provided (Used) by Operating Activities	<u>170,165</u>	<u>(94,810)</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	-	200,000
Purchase of Investments	-	(50,000)
Interest Received on Investments	(7,206)	(2,208)
Purchase of Property and Equipment	(11,036)	(27,892)
Construction of Property and Equipment - Hail Storm and Lightning Damage	(49,372)	-
Receipt of Insurance Proceeds - Hail Storm and Lightning Damage	42,721	-
Net Cash Provided (Used) by Investing Activities	<u>(24,893)</u>	<u>119,900</u>
Increase (Decrease) in Cash	145,272	25,090
Cash at Beginning of Year	<u>502,509</u>	<u>477,419</u>
Cash at End of Year	<u>\$ 647,781</u>	<u>\$ 502,509</u>
Non-Cash Transactions are as follows		
Operating, Investing and Financing Activities		
In-Kind Contributions	\$ 18,750	\$ 19,460
Total Operating, Investing and Financing Activities	<u>\$ 18,750</u>	<u>\$ 19,460</u>

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 – Description of Organization

The United Way of Northeast Louisiana, Inc.'s (the "United Way") purpose is to help people and improve the community. The primary source of funding is the Annual Campaign, which provides monthly financial support for specified programs of 22 not-for-profit agencies (partner agencies) throughout Northeast Louisiana as well as direct programs of the United Way including 2-1-1 coverage for Northeast Louisiana and programs that encourage financial literacy and childhood reading/literacy.

Note 2 – Summary of Significant Accounting Policies

(A) *Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958, 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). Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Net Assets without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

(B) *Adoption of Accounting Pronouncement*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by United Way, including required disclosures about liquidity and availability of resources. The new standard is effective for United Way's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. United Way adopted the ASU effective July 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

(C) *Cash and Cash Equivalents*

United Way considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(D) *Investments*

Investments are composed of certificates of deposit and equity securities, which are carried at fair value. The Financial Accounting Standards Board's Accounting Standards Codification (ASC) Section 820 establishes the framework for measuring fair value. That framework provides 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 market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that United Way has the ability to access;

Level 2 – Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investments held by United Way at June 30, 2019 are valued at quoted market prices and other relevant information generated by market transactions held by United Way at that date and are considered to be Level 1 in the fair value hierarchy.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

(D) Investments (Continued)

The valuation methodologies used for these items, as well as the general classification of such items pursuant to the fair value hierarchy of ASC Section 820 encompass that investments are reported on the basis of quoted market prices and consist primarily of certificates of deposit, equity securities and fixed income securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

(E) Pledges Receivable

United Way's policy is to record pledge receivables when the pledges are received and represent amounts due during the next calendar year. United Way uses the allowance method to determine uncollectible pledge receivables. The allowance is based on prior years' experience and management's analysis of specific pledges.

(F) Property and Equipment

Property and equipment are stated at cost. Purchases of fixed assets and major improvements in excess of \$600 are capitalized at cost. All donated capital assets are recorded at fair market value on the date of the donation. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts in the year of disposal and any resulting gain or loss is included in operations. Depreciation is computed on a straight-line basis over the useful lives of the assets using estimated lives from 3 – 30 years.

(G) Compensated Absences

Any unused vacation days will expire the following year. Sick days may be accumulated to a maximum of 90 days depending on years of service. However, employees are not paid for any unused sick days upon termination. Accordingly, the financial statements do not include any accrual for sick pay.

(H) Net Asset Categories and Contributions

Annual campaigns are conducted each fall to raise support for agency allocations paid in the subsequent fiscal year. Campaign contributions, including unconditional promises to give, are recognized as support when made. Because campaign contributions are received on a calendar year basis, the first half of the campaign

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

(H) *Net Asset Categories and Contributions (Continued)*

collections (January to June) is reported in Gross Campaign Results and is released from restriction during the current fiscal year. The second half of the campaign collections (July to December) is reported in Gross Campaign Results but remains in net assets with donor restrictions at June 30, 2019.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor for specific United Way use are reported as increases in net assets without donor restrictions when the restrictions expire in the same year in which the contributions are received. All other donor-restricted contributions for specific United Way use are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires.

Donor-designated contributions for United Way's partner agencies or other agencies are considered agency transactions because United Way does not have discretion over the distribution of these funds. Pass-through transactions do not result in contribution revenue or expense in the accompanying financial statements. When United Way receives the assets, a corresponding liability is recorded to reflect amounts due to third-party beneficiaries.

(I) *Donated Securities, Materials, and Services*

Donated marketable securities are recorded as support at their estimated market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Capital items are recorded at their fair market value on the date of donation.

Under ASC 958-205, the value of contributed services and miscellaneous incidental materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gifts-in-kind.

(J) *Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Organizational administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of United Way. Costs associated with the annual campaign are included in fundraising expenses.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Depreciation	Square footage/Actual usage

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

(K) *Income Taxes*

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. United Way believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. United Way's Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

(L) *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Investments

Investments at June 30, 2019 and 2018 include certificates of deposit and equity securities. Investments held were as follows:

	June 30,	
	2019	2018
Certificates of Deposit	\$ 569,582	\$ 562,376
TOTAL	<u>\$ 569,582</u>	<u>\$ 562,376</u>

For the years ended June 30, 2019 and 2018, United Way's investments (including gains and losses on investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	June 30,	
	2019	2018
Equity Securities	\$ (322)	\$ 285
TOTAL	<u>\$ (322)</u>	<u>\$ 285</u>

Note 4 – Property and Equipment

Property and equipment are summarized by major classifications as follows:

	June 30,	
	2019	2018
Land	\$ 100,000	\$ 100,000
Total Nondepreciable Assets	<u>100,000</u>	<u>100,000</u>

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 4 – Property and Equipment (Continued)

Property and equipment are summarized by major classifications as follows (Continued):

	June 30, (Continued)	
	2019 (Continued)	2018 (Continued)
Building	513,666	500,000
Furniture, Fixtures and Equipment	483,006	468,632
Leasehold Improvements	79,509	79,509
Leased Equipment	13,446	13,446
Total Depreciable Assets	<u>1,089,627</u>	<u>1,061,587</u>
Total Property and Equipment	1,189,627	1,161,587
Less: Accumulated Depreciation	<u>(847,702)</u>	<u>(803,820)</u>
Total Property and Equipment, net	<u>\$ 341,925</u>	<u>\$ 357,767</u>

Depreciation charged to expense is \$67,265 and \$41,657 for the years ended June 30, 2019 and 2018, respectively.

Note 5 – Restricted Funds

Annual Campaign Pledges

Net campaign contributions received for future periods are considered to be net assets with donor restrictions. The campaign for the future year pledges represent the initial pledges received for that campaign and will be available for unrestricted use during the following calendar year. The following schedule recaps the Annual Campaign at Celebrating Excellence to the amounts recorded as net assets with donor restrictions for the annual campaign pledges.

	June 30,	
	2019	2018
Annual Campaign	\$ 3,982,748	\$ 4,252,950
Donor Designations to United Way Agencies	(80,320)	(65,352)
Donor Designations to Non-United Way Agencies	(142,443)	(128,404)
Donor Designations Processed by Third Party Processors	(523,401)	(724,971)
Donor Designations by Major Donors	(74,250)	(74,250)
Allowance for Uncollectible Pledges	<u>(278,792)</u>	<u>(297,791)</u>
Campaign Revenue	2,883,542	2,962,182
Less: Amounts Released from Restriction (50%)	(1,441,771)	(1,481,691)
Plus: Pledges for Future Campaign (100%)	3,167	31,188
Campaign – Net Assets With Donor Restrictions	<u>\$ 1,444,938</u>	<u>\$ 1,511,679</u>

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 5 – Restricted Funds (Continued)

Cash Restricted for Ruston Tornado and Recovery

Contributions restricted to Ruston tornado and recovery were received during the year ended June 30, 2019. As of June 30, 2019, there were remaining restricted contributions to be spent on Ruston tornado and recovery. The following schedule recaps the amounts recorded as net assets with donor restrictions for the restricted contributions for Ruston tornado and recovery.

	<u>June 30, 2019</u>
Beginning Ruston Tornado and Recovery – Net Assets With Donor Restrictions	\$ –
Total Restricted Contributions Received	60,594
Less: Amount Released from Restriction	<u>(5,501)</u>
Ruston Tornado and Recovery – Net Assets With Donor Restrictions	<u>\$ 55,093</u>

Cash Restricted for Homeless Emergency

The Homeless Emergency Restricted Funds comprise funding raised and expense in two separate pools related to the unexpected closing of the Salvation Army Homeless Shelter in early summer, 2017.

In August, 2017 the community organized to help fund a temporary solution to homeless housing until the Salvation Army could bring its facility back online. The funds were disbursed as needed to provide assistance to three local organizations DeSiard Street Shelter, Rays Of SonShine, and Family Promise of Ouachita who expanded their operations on a temporary basis to help provide alternative sheltering. A total of \$29,570 in external grants, gifts, and campaign designations were raised and the United Way committed to provide up to \$3,000 in additional funding for a solution intended to last through April, 2018 for a total available expense pool of \$32,570. Through the end of the period \$32,002 was actually expended.

In March and April 2018, as the Salvation Army Shelter was preparing to come back online, a second community effort was initiated to generate specific funds to assist with sheltering costs while the Army rebuilt its local volunteer and funding structure. The plan called for these funds to be disbursed to the Army on the basis of a per-person per diem, with a monthly maximum on the people covered by the arrangement. This fund is intended to operate for approximately one year. Through June 30, 2018 a total of \$41,689 had been raised and \$8,254 had been disbursed. Efforts to raise additional funds continue.

As part of its participation in this effort, The United Way of Northeast Louisiana did not assess or withhold any fee for accounting or management of the fund and also absorbed the costs of any credit card merchant fees associated with payments of pledges to the fund

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 5 – Restricted Funds (Continued)

Cash Restricted for Homeless Emergency (Continued)

Contributions restricted to homeless emergency were received during the year ended June 30, 2019. As of June 30, 2019, there were remaining restricted contributions to be spent on homeless emergency. The following schedule recaps the amounts recorded as net assets with donor restrictions for the restricted contributions for homeless emergency.

	<u>Emergency Sheltering Fund June 30, 2019</u>
Beginning Homeless Emergency –	
Net Assets With Donor Restrictions	\$ 33,435
Total Restricted Contributions Received	138,302
Less: Amount Released from Restriction	<u>(157,650)</u>
Homeless Emergency – Net Assets With Donor Restrictions	<u>\$ 14,087</u>

Cash Restricted for Other

From time to time United Way, in its role as a trusted social services fiduciary in the community, is called upon to be the holder and distributor of short-term or emergency funds contributed throughout the region. These restricted funds are typically limited in number and/or magnitude and are often raised and distributed in very short order. Between July 1, 2017 and June 30, 2018 only one such fund was managed (excluding the Homeless Funds described above and broken out separately in the financials)

Contributions restricted to other were received during the year ended June 30, 2019. As of June 30, 2019, there were no remaining restricted contributions to be spent on other. The following schedule recaps the amounts recorded as net assets with donor restrictions for the restricted contributions for other.

	<u>June 30, 2019</u>
Beginning Other – Net Assets With Donor Restrictions	\$ –
Total Restricted Contributions Received	–
Less: Amount Released from Restriction	<u>(–)</u>
Other – Net Assets With Donor Restrictions	<u>\$ –</u>

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 6 – History of Uncollectibles

Generally, campaign pledges that are uncollected after two years are deemed to be bad debts and are written off. The actual inception to date write-off percentages for the preceding campaigns are presented in the following table. These percentages are based on total campaign contributions pledged.

Campaign Year	Budget Year	Actual Write-Off
2017	2018	5.87%
2016	2017	4.79%
2015	2016	3.90%
2014	2015	6.32%
2013	2014	7.79%
2012	2013	7.14%
2011	2012	6.65%
2010	2011	6.04%
2009	2010	5.07%
2008	2009	6.20%

In general, all other revenues (sponsorships, grants, services, etc) are billed and receivable within 60-90 days. Occasional bad debts on these items are rare and are not considered significant.

Note 7 – Programs Services

A. Agency Funding

United Way Community Volunteers communicate to the United Way Board of Directors funding recommendations for the various partner agencies to support programs throughout Northeast Louisiana. In general, campaign contributions raised in Lincoln and Union Parish, net of fundraising and administrative expenses, are allocated to partner agencies and programs providing services in those parishes and those funding recommendations are made by community volunteers from those parishes. All other campaign contributions raised in the annual campaign are allocated to partner agencies and programs throughout Northeast Louisiana based on funding recommendations from panels of community volunteers primarily from Ouachita parish.

B. Community Emergency Shelter Fund

The Community Emergency Shelter Fund, a collaborative community fundraising initiative was launched in late April 2018.

The funds raised through this collaborative community effort are used to provide emergency overnight sheltering for the homeless and those less fortunate in the Monroe metro area who need a safe place to sleep and food to eat.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 7 – Programs Services (Continued)

B. Community Emergency Shelter Fund (Continued)

The United Way of Northeast Louisiana, provides accountability for the pledges made, monies received and disbursements for the Shelter Fund at no administrative fee.

In addition, the United Way reprogrammed \$115,000 originally allocated for the agency which had shut down and, in conjunction with Christopher Youth House and The WellSpring, established a program called “Front Door to Housing” which used a “navigator” type model to identify homeless individuals and families and help connect them directly to resources which could maximize their chances to get into long-term or even permanent housing. From its inception in Fall, 2017 through June 30, Front Door to Housing has placed in excess of 60 people/families into long-term housing options.

During the year ended June 30, 2019, between restricted funds raised and agency funds reprogrammed a total of \$157,650 was spent on Emergency Sheltering and \$107,514 was spent on the Front Door to Housing program.

C. All Other Programs

Various community initiatives are conducted directly by United Way. United Way is focused on creating lasting change in community conditions to improve people’s lives through community initiatives such as:

United Way 2-1-1, a free, easy to remember, three-digit telephone number that gives people a fast, easy way to get connected to available social assistance services. In calendar year 2018, the United Way of Northeast Louisiana's 2-1-1 answered 12,556 calls.

In July 2015, United Way of Northeast Louisiana contracted with Louisiana Association of United Ways (LAUW) to manage 2-1-1 services for the Capital Area. In January 2016, the contract was extended to include Southwest Louisiana. In mid-November 2017, United Way of Northeast Louisiana's 2-1-1 began to answer calls for the Northwest Louisiana region on behalf of United Way of Northwest Louisiana through the contract with LAUW.

Total calls for all regions under contract answered in calendar year 2017 and 2018 were 53,100 and 40,694, respectively, which represents only the calls that were live answered by staff and does not include calls answered by auto-attendant or transfers to other 2-1-1 operations.

In February 2018, United Way 2-1-1 initiated a text-based service which continues to grow in popularity and is anticipated to streamline assistance during times of disaster in particular.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 7 – Programs Services (Continued)

C. All Other Programs (Continued)

The contract with LAUW to cover other areas covers all costs associated with those areas and has provided further economies of scale which has reduced the costs for providing 2-1-1 to Northeast Louisiana by more than \$100,000 annually compared to costs prior to the consolidation. For further information, see Note 11.

Community Investment – Volunteers and staff of United Way who work with the partner agencies to ensure that United Way dollars are invested to produce the most effective results. They make site visits, gather information and evaluate programs year-round. Volunteers make recommendations on agency funding.

Community Impact – United Way of Northeast Louisiana’s agenda is the community’s agenda — we stand with the residents, business leaders, and policymakers—to take action together and strategically invest in making a meaningful difference in the lives of people in Northeast Louisiana.

CHILDREN, YOUTH, AND YOUNG ADULTS SUCCESSFUL IN SCHOOL AND LIFE

1. Children enter school ready
2. Students are successful in elementary school and prepared for middle/secondary school
3. Youth gain the knowledge, skills, and credentials so that they are prepared for the workforce and are able to obtain family sustaining employment

ECONOMIC OPPORTUNITY FOR ALL

1. Individuals and families have adequate and sustainable resources to support their needs
2. Individuals and families have the skills, knowledge, relationships and economic pathways they need to effectively increase and manage their income
3. Vulnerable populations maximize their ability to live with independence and dignity
4. People/organizations continue to work together to support a thriving, prosperous, robust economy

HEALTHY AND SAFE INDIVIDUALS, FAMILIES, AND COMMUNITY

1. Families/Individuals live in a healthy and safe environment
2. People/organizations work together to strengthen and build a more inclusive community

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 8 – 401(k) Defined Contribution Plan

United Way has adopted a deferred compensation plan pursuant to IRC Section 401(k). This plan covers employees who have reached 21 years of age and have completed one full year of eligibility service. Employer contributions to the plan are 5% for all eligible employees and will match an additional 2%. Employer contributions are allocated to each participant who completes 1,000 hours of service during the plan year and who is employed on the last day of the plan year. United Way may use unvested forfeitures to pay plan expenses or to reduce amounts otherwise required to be distributed.

The total pension cost of United Way for the year ended June 30, 2019 and 2018 was \$51,958 and \$46,890, respectively.

Note 9 – In Kind Services and Materials

Contributions of services and materials were reported as revenues and allocated between all program expenses. In kind revenues and expenses were \$18,750 and \$19,460 for the years ended June 30, 2019 and 2018, respectively.

Note 10 – Rental Agreement

On February 1, 2018, the United Way entered into a rental agreement for leasing a location for its Ruston office for \$1,200 per month. The lease period is for five years ending on January 31, 2023 with no option for renewal. The lease specifies that upon demand United Way is responsible reimbursing Lessor for any property taxes in excess of the total amount of property taxes paid on the unit in Calendar year 2017. The United Way is responsible for all Utilities.

Note 11 – Disclosures About Concentrations

Campaign Concentration

Support from the most recent annual campaign represents approximately 82% of United Way's total revenue. United Way's annual campaign covers 12 parishes in northeast Louisiana with the largest concentration being Ouachita Parish and Lincoln/Union Parishes. The annual campaign in these parishes represents a concentration of risk by geographic region and by the nature of the fund-raising activity. Failure of the community to respond to the campaign or to fulfill their obligation could impact United Way's ability to collect approximately 1.88 million in pledges receivable. No collateralization is required by United Way.

The top three campaigns account for 28.71% in gross campaign results and for 31.18% in pledges receivable for the 2018 Campaign, up from 27.02% and 31.07% from the 2017 Campaign.

In general, funds, net of expenses, raised in one geographical area are allocated to programs and activities in that geographical area. As a result, disproportionate increases or decreases within one geographic area would be expected to impact that area more than others.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 11 – Disclosures About Concentrations (Continued)

LAUW 2-1-1 Contract

In June, 2016 the United Way entered into a contract with the Louisiana Association of United Ways to provide call center services and management support for 2-1-1 operations with the parishes covered by the Capitol Area United Way, United Way of Southwest Louisiana, and United Way of Northeast Louisiana. In June of 2017, the areas covered by United Way of Northwest Louisiana were added. In June of 2018, United Way of Central Louisiana joined the funding pool, although their parishes had previously been covered via other United Ways. This contract allows for economies of scale and has allowed the United Way of Northeast Louisiana to reduce the direct funding to operate 2-1-1 within Northeast Louisiana by almost \$90,000 for the year ended June 30, 2018 and a like amount for the year ended June 30, 2019.

The LAUW 2-1-1 base contract amounted to \$459,571 for the year ended June 30, 2019 and \$416,752 for the year ended June 30, 2018 and represented 13% and 11% of total revenue respectively. Loss of this contract would have the potential to increase the cost of providing local 2-1-1 coverage.

Bank Concentrations

Checking account funds are held at CrossKeys Bank in Monroe. A sweep arrangement is used for excess checking funds and is intended to provide protections through FDIC.

CDs are placed with various banks throughout Northeast Louisiana and are typically limited to less than \$175,000 at any single institution at any one time. The United Way Finance Committee provides broad guidance on placement policy, taking into consideration the current and expected rate environment, and anticipated funding and liquidity requirements. While the investment policy allows for investments in less liquid instruments such as equity and fixed income instruments under certain circumstances, present committee guidance continues to limit holdings to CDs, generally with a term of 2 years or less.

Liquidity and Availability of Resources

The United Way's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	2019	2018
Cash and Cash Equivalents	\$ 647,781	\$ 502,509
Investments	\$ 569,582	\$ 562,376
Pledge Receivables, Net	\$ 1,610,738	\$ 1,650,290
Designations – Third Party Processors	\$ 261,703	\$ 362,264
Other Receivables	\$ 46,568	\$ 50,262
Total Financial Assets Available within one year	\$ 3,147,794	\$ 3,127,706

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 11 – Disclosures About Concentrations (Continued)

Liquidity and Availability of Resources (Continued)

	2019 (Continued)	2018 (Continued)
Less Amounts unavailable for general expenditures within one year due to:		
Restricted by Donor with Purpose Restrictions	\$ 515,743	\$ 590,218
Deferred Revenue	\$ 88,463	\$ 44,763
Donor Restricted for Homeless Emergency	\$ 14,087	\$ 33,435
Donor Restricted for Ruston Tornado and Response	\$ 55,093	\$ —
Total Amounts unavailable for general expenditures within one year	<u>\$ 673,386</u>	<u>\$ 668,416</u>
Total Financial Assets Available to management for general expenditures within one year	<u>\$ 2,474,408</u>	<u>\$ 2,459,290</u>

United Way has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board has approved a policy that targets three months of annual grants and three months of operating expenses to be maintained. Because this is a target there is presently no actual restriction on use of such funds although the target and progress toward meeting that target is considered during the budget and program/grant funding cycles each year. Excess cash is invested in a ladder from three months to two years of certificates of deposit depending on market conditions, as well as utilizing a repurchase agreement and overnight sweep associated with its operating checking account. United Way cash flows have seasonal variations during the year attributable to the annual campaign and when payments are received from donors on pledges.

Note 12 – Casualty Gain

During the year ended June 30, 2019, the United Way office building roof was damaged by a hail storm. The insurance company paid claims in the amount of \$37,589. United Way incurred renovation costs related to the hail storm in the amount of \$40,892. The cost of the repairs was capitalized into the building. For the year ended June 30, 2019, there was a casualty gain of \$28,604 resulting from the damage as a result of the hail storm.

During the year ended June 30, 2019, the United Way sign was damaged by a lightning strike. The insurance company paid claims in the amount of \$5,132. United Way incurred renovation costs related to the lightning strike in the amount of \$8,480. The cost of the repairs was capitalized into furniture, fixtures, and equipment. For the year ended June 30, 2019, there was a casualty gain of \$5,132 resulting from the damage as a result of the lightning strike.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 13 – Subsequent Events

Management of United Way has evaluated subsequent events through October 18, 2019, and it has been determined that no significant events have occurred for disclosure. October 18, 2019 is the date which the financial statements were available for issue.