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**UNITED WAY OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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Postlethwaite & Netterville

A Professional Accounting Corporation

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**UNITED WAY OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
United Way of Southeast Louisiana  
New Orleans, Louisiana

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWSELA as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of UWSELA's internal control over financial reporting and 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 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 UWSELA's internal control over financial reporting and compliance.

**Emphasis of Matters**

As discussed in Note 1 to the financial statements, UWSELA adopted new accounting standards in the current year related to the presentation of financial statements (Accounting Standards Update No. 2016-14) and leases (Accounting Standards Update No. 2016-02). Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the 2017 financial statements have been restated to correct an error in the net asset classification of a certain endowment fund which resulted in an understatement of net assets without donor restrictions of approximately \$2,218,076 and an overstatement of permanently restricted net assets of \$2,218,076. Accordingly, the financial statements have been restated to correct the error. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited UWSELA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the exception of the correction of the error noted above, with the audited financial statements from which it has been derived.



Metairie, Louisiana  
October 19, 2018

**UNITED WAY OF SOUTHEAST LOUISIANA**  
Statement of Financial Position  
June 30, 2018  
with Summarized Comparative Totals for 2017

	2018			Summarized 2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,034,172	\$ 422,256	\$ 1,456,428	\$ 3,701,024
Investments, at fair value:				
Certificates of deposit	3,134,583	1,279,862	4,414,445	5,947,334
U.S. government securities	3,013,594	1,811,326	4,824,920	10,029
Mutual funds	-	1,421,413	1,421,413	1,950,859
Beneficial interest in assets held by others (legally restricted)	3,293,729	-	3,293,729	3,167,085
Investment in common endowment fund of Greater New Orleans Foundation	317,936	14,724	332,660	319,602
Total investments	9,759,842	4,527,325	14,287,167	11,394,909
Pledge receivables, net	4,585,458	20,155	4,605,613	5,405,237
Legal settlement receivable	-	-	-	1,007,500
Right of use asset	42,183	-	42,183	10,664
Other assets and prepaid expenses	126,323	96,529	222,852	218,647
Property, plant, and equipment:				
Land	302,893	-	302,893	302,893
Automobile	52,230	-	52,230	52,230
Building	1,285,121	-	1,285,121	1,218,245
Furniture and equipment	308,231	-	308,231	397,144
Less: accumulated depreciation	(1,279,590)	-	(1,279,590)	(1,318,033)
Total property, plant, and equipment	668,885	-	668,885	652,479
Total assets	\$ 16,216,863	\$ 5,066,265	\$ 21,283,128	\$ 22,390,460
<b>LIABILITIES AND NET ASSETS</b>				
Allocations payable	\$ 3,118,694	\$ 95,000	\$ 3,213,694	\$ 3,090,814
Designations payable	1,402,527	-	1,402,527	2,287,056
Accounts payable and accrued expenses	546,086	48,275	594,361	530,448
Program payable	-	294,104	294,104	188,104
Lease liability	42,183	-	42,183	10,664
Total liabilities	5,109,490	437,379	5,546,869	6,107,086
Net assets:				
Without donor restrictions	11,107,373	-	11,107,373	11,081,986
With donor restrictions	-	4,628,886	4,628,886	5,201,388
Total net assets	11,107,373	4,628,886	15,736,259	16,283,374
Total liabilities and net assets	\$ 16,216,863	\$ 5,066,265	\$ 21,283,128	\$ 22,390,460

The accompanying notes are an integral part of this financial statement.

**UNITED WAY OF SOUTHEAST LOUISIANA**  
Statement of Activities  
For the Year Ended June 30, 2018  
with Summarized Comparative Totals for 2017

	2018			Summarized 2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Public Support:				
Contributions	\$ 11,834,377	\$ 497,112	\$ 12,331,489	\$ 14,217,844
Less				
Provision for uncollectible accounts	(473,269)	-	(473,269)	(644,549)
Donor designations	(2,619,639)	(52,239)	(2,671,878)	(2,981,592)
Total public support	8,741,469	444,873	9,186,342	10,591,703
Revenue:				
Investment income, net	355,245	156,915	512,160	558,189
In-kind contributions	584,464	-	584,464	2,463,162
Grants, program, and consulting fees	43,199	1,023,817	1,067,016	1,481,135
Special events	187,017	-	187,017	157,419
Service fee income	64,116	-	64,116	494,965
Rental income	160,079	-	160,079	145,452
Other income	7,858	8,340	16,198	1,918,066
Loss on disposal of property and equipment	-	-	-	(7,704)
Net assets released from restrictions	2,206,447	(2,206,447)	-	-
Total public support and revenue	12,349,894	(572,502)	11,777,392	17,802,387
<b>FUNCTIONAL EXPENSES</b>				
Allocations to agencies and other assistance provided	8,608,887	-	8,608,887	9,775,536
Less: designations to agencies	(2,671,878)	-	(2,671,878)	(2,981,592)
Net allocations	5,937,009	-	5,937,009	6,793,944
United Way Worldwide dues	141,291	-	141,291	149,829
Depreciation expense	74,906	-	74,906	65,645
Other functional expenses	6,171,301	-	6,171,301	6,413,301
Total functional expenses	12,324,507	-	12,324,507	13,422,719
Change in net assets	25,387	(572,502)	(547,115)	4,379,668
Net assets at beginning of year, as restated	11,081,986	5,201,388	16,283,374	11,903,706
Net assets at end of year	\$ 11,107,373	\$ 4,628,886	\$ 15,736,259	\$ 16,283,374

The accompanying notes are an integral part of this financial statement.

**UNITED WAY OF SOUTHEAST LOUISIANA**

Statement of Functional Expenses

For the Year Ended June 30, 2018

with Summarized Comparative Totals for 2017

2018

	PROGRAM SERVICES					SUPPORTING SERVICES					Summarized 2017 Total
	Community Impact & Grant Distribution	Grants and Other	Total Program Expenses	Fund Raising	Marketing and Public Relations	Management and General	Supporting Services Expenses	Total			
Allocations/designations and assistance to others	\$ 8,608,887	\$ -	\$ 8,608,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,608,887	\$	9,775,536
Less: donor designations	(2,671,878)	-	(2,671,878)	-	-	-	-	-	(2,671,878)		(2,981,592)
Net allocations	5,937,009	-	5,937,009	-	-	-	-	-	5,937,009		6,793,944
Salaries	408,862	976,169	1,385,031	1,094,930	269,703	442,404	1,807,037	3,192,068	3,192,068		3,043,422
Employee benefits	79,886	155,371	235,257	220,718	52,366	82,367	355,451	590,708	590,708		580,155
Payroll taxes	30,000	53,935	83,935	78,400	19,348	34,964	132,712	216,647	216,647		202,778
Total salaries and related expenses	518,748	1,185,475	1,704,223	1,394,048	341,417	559,735	2,295,200	3,999,423	3,999,423		3,826,355
Professional fees	42,819	164,145	206,964	78,197	14,902	39,104	132,203	339,167	339,167		427,440
Supplies	5,874	39,953	45,827	22,720	5,550	2,849	31,119	76,946	76,946		88,999
Telephone and internet	6,850	16,315	23,165	28,113	5,952	7,578	41,643	64,808	64,808		62,264
Postage and shipping	633	2,152	2,785	7,757	521	798	9,076	11,861	11,861		11,616
Occupancy	23,182	77,335	100,517	113,052	21,085	32,524	166,661	267,178	267,178		221,065
Equipment rental and maintenance	10,720	17,284	28,004	30,541	7,017	10,299	47,857	75,861	75,861		58,798
Printing, publications, and advertising	3,274	119,787	123,061	98,679	6,404	1,798	106,881	229,942	229,942		219,851
In-kind expenses	-	110,599	110,599	473,865	-	-	473,865	584,464	584,464		1,057,912
Local travel and report meetings	17,310	192,466	209,776	170,517	8,347	11,134	189,998	399,774	399,774		301,674
Training and out of town travel	13,033	25,873	38,906	23,474	3,144	3,300	29,918	68,824	68,824		90,542
Membership dues	985	6,603	7,588	4,657	627	970	6,254	13,842	13,842		11,270
Equipment purchases	1,146	25,780	26,926	2,479	1,998	527	5,004	31,930	31,930		24,824
Miscellaneous	966	1,637	2,603	3,333	526	819	4,678	7,281	7,281		10,691
Total other expenses before national organization dues and depreciation	645,540	1,985,404	2,630,944	2,451,432	417,490	671,435	3,540,357	6,171,301	6,171,301		6,413,301
National organization dues	-	-	-	-	-	141,291	141,291	141,291	141,291		149,829
Depreciation	7,835	24,099	31,934	29,755	5,067	8,150	42,972	74,906	74,906		65,645
Total other functional expenses	653,375	2,009,503	2,662,878	2,481,187	422,557	820,876	3,724,620	6,387,498	6,387,498		6,628,775
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 6,590,384</b>	<b>\$ 2,009,503</b>	<b>\$ 8,599,887</b>	<b>\$ 2,481,187</b>	<b>\$ 422,557</b>	<b>\$ 820,876</b>	<b>\$ 3,724,620</b>	<b>\$ 12,324,507</b>	<b>\$ 12,324,507</b>		<b>\$ 13,422,719</b>

The accompanying notes are an integral part of this financial statement.



**UNITED WAY OF SOUTHEAST LOUISIANA**  
**Statement of Cash Flows**  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (547,115)	\$ 4,379,668
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,906	65,645
Loss on disposal of property and equipment	-	7,704
Provision for uncollectible accounts	473,269	644,529
Discount on pledges receivable	78,278	-
Net realized and unrealized gain on investments	(379,900)	(483,663)
Cash paid for lease liabilities	(9,439)	-
Changes in assets and liabilities:		
Pledges receivable, net	248,077	(778,045)
Legal settlement receivable	1,007,500	(1,007,500)
Other assets and prepaid expenses	5,234	(74,320)
Allocations and designations payable	(761,649)	9,135
Accounts payable and accrued liabilities	63,913	47,947
Program payable	<u>106,000</u>	<u>(93,896)</u>
Net cash provided by operating activities	<u>359,074</u>	<u>2,717,204</u>
Cash flows from investing activities:		
Purchases of property and equipment	(91,312)	(57,915)
Net purchases of investments	<u>(2,512,358)</u>	<u>(369,441)</u>
Net cash used in investing activities	<u>(2,603,670)</u>	<u>(427,356)</u>
Net change in cash and cash equivalents	(2,244,596)	2,289,848
Cash and cash equivalents - Beginning of year	<u>3,701,024</u>	<u>1,411,176</u>
Cash and cash equivalents - End of year	<u>\$ 1,456,428</u>	<u>\$ 3,701,024</u>

The accompanying notes are an integral part of this financial statement.

# UNITED WAY OF SOUTHEAST LOUISIANA

## Notes to Financial Statements

June 30, 2018

### **1. Summary of Significant Accounting Policies**

A summary of United Way of Southeast Louisiana's (UWSELA) significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

#### Organization

United Way of Southeast Louisiana (UWSELA) is a not-for-profit 501(c)(3) charitable organization founded in 1952 serving residents of Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, Tangipahoa and Washington parishes and governed by a volunteer board. UWSELA's mission is to eradicate poverty in Southeast Louisiana. UWSELA collaborates with government, business, faith groups, and other nonprofits in the seven-parish region to identify and address serious issues. UWSELA raises funds through an annual workplace campaign, individual and corporate gifts, grants, and partnerships. UWSELA provides grants to support programs and groups working together in a collaborative way that supports our vision of "equitable communities where all individuals are healthy, educated, and economically stable."

In prior years, UWSELA served as a campaign agent for the solicitation of contributions from federal civilian and uniformed service personnel.

#### Basis of Accounting

The financial statements of UWSELA are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Basis of Presentation

Financial statement presentation follows the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements of Not-for-Profit Entities. Under ASC 958, UWSELA is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without 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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWSELA's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

#### Public Support and Revenue

In accordance with ASC 958-605, Revenue Recognition of Not-for-Profit Entities, contributions to UWSELA are recorded when pledges are made. Allowances are provided for amounts estimated to be uncollectible. The allowance for uncollectible pledges is maintained at a level which the Board of Trustees (the Board) considers adequate based on prior collection experience and current economic conditions. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Pledges outstanding that are designated for future periods are reported as with donor restrictions.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**1. Summary of Significant Accounting Policies (continued)**

Public Support and Revenue (continued)

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

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions.

Donated Services and In-Kind Contributions

Although a large number of volunteers have donated significant amounts of their time to UWSELA's fund raising campaigns and allocation activities, donated services are not recorded in the financial statements because no objective basis is available to measure the value of such services.

Included in revenue and functional expenses is \$584,464 and \$1,057,912 for advertising donated during the years ended June 30, 2018 and 2017, respectively. Also included in revenue and allocations to agencies and other assistance is \$1,405,250 for general supplies contributions donated during the year ended June 30, 2017 for local flood relief efforts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value (based on quoted market prices) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. See Note 3 for discussion of fair value measurements.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at fair value at the date of receipt. Individual items of \$1,000 or more are capitalized. Depreciation of automobiles, furniture, and equipment is provided over the estimated useful lives of the respective assets (three to ten years) using the straight-line method. The building is depreciated using the straight-line method over a period of thirty years.

Allocations/Grants

Annual grants to programs and collaborative groups are established after the completion of the annual fund raising campaign and accrued upon approval by the Board. Donor designated pledges are assessed both a fundraising and management and general fee based on actual historical costs in accordance with United Way Worldwide Membership Requirements. Unexpended grants to programs and collaborative groups are returned to net assets in the year in which the amounts of the unexpended grants are determined.

# UNITED WAY OF SOUTHEAST LOUISIANA

## Notes to Financial Statements

June 30, 2018

### 1. Summary of Significant Accounting Policies (continued)

#### Functional Expenses

Expenses are presented according to their functional classification of program or supporting services in the statement of functional expenses. Allocable expenses are spread using the full-time equivalent method which is based on the number of full-time employees in each department.

Program services consist of grant distribution, grant monitoring, and grant outcomes. "Other Programs" include Individual Development Account (IDA), Club Connect & Early Grade Reading, Volunteer Income Tax Assistance, Earned Income Tax Credit programs, Success by Six, Ready by 21/School to Career, Rebuilding Grants & Assistance related to floods and tornadoes, volunteerism, public policy, and Financial Stability/Prosperity Center.

Supporting services consist of fundraising, marketing and communications, and management and general expenses.

#### Income Taxes

UWSELA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Accordingly, no provision for income taxes has been included in the financial statements.

FASB ASC 740 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. As of June 30, 2018 and 2017, UWSELA has determined that it does not have any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns generally remain subject to examination by the taxing authorities for three years.

#### Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

#### Use of Estimates

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

#### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**1. Summary of Significant Accounting Policies (continued)**

Change in Accounting Principle

FASB issued ASU No. 2016-14, “Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities” in 2016. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. UWSELA adopted ASU 2016-14 during the fiscal year ended June 30, 2018. In accordance with the ASU, previously reported amounts have been reclassified to the current presentation. The adoption of ASU 2016-14 had no impact on UWSELA’s total net assets.

In February 2016, the FASB issued ASU No. 2016-02, “Leases.” This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. UWSELA adopted ASU 2016-02 during the fiscal year ended June 30, 2018. In accordance with the ASU, right-of-use assets and the corresponding lease liability have been recorded for the fiscal years ending June 30, 2018 and 2017. The adoption of ASU 2016-02 had no impact on UWSELA’s total net assets.

Restatement

While total net assets were not impacted, an error resulting in an overstatement of net assets with donor restrictions and understatement of net assets without restrictions in the June 30, 2017 financial statements was identified during the current year. The effects of the restatement on the financial statements as of and for the year ended June 30, 2017 are summarized below:

	<u>As previously presented</u>	<u>Adjustments</u>	<u>As restated</u>
Net assets without donor restrictions	\$ 8,863,910	\$ 2,218,076	\$ 11,081,986
Net assets with donor restrictions	\$ 7,419,464	\$ (2,218,076)	\$ 5,201,388

Accounting Pronouncements Issued But Not Yet Adopted

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for UWSELA for annual periods beginning after December 15, 2018. UWSELA is currently assessing the impact of this pronouncement on its financial statements.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**2. Liquidity and Availability of Resources**

UWSELA 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 reserve policy that requires four months of annual grants and four months of operating expenses be maintained. Spending of this reserve balance requires Board approval. Excess cash is invested in a ladder from three months to two years which can include certificates of deposit and/or United States treasury bills and notes depending on market conditions, as well as utilizing a repurchase agreement and a federated money market account. UWSELA cash flows have seasonal variations during the year attributable to the annual campaign and when payments are received from donors on pledges. To manage liquidity, UWSELA maintains a line of credit of \$1,000,000, which it could draw upon.

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,456,428	\$ 3,701,024
Investments	8,580,510	7,908,222
Pledge receivables, net	3,883,891	5,357,726
Other receivables	163,080	127,680
Receivable from legal settlement	-	1,007,500
	<hr/>	<hr/>
Total financial assets available within one year	14,083,909	18,102,152
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(4,022,117)</u>	<u>(5,186,664)</u>
Total amounts unavailable for general expenditures within one year	<u>(4,022,117)</u>	<u>(5,186,664)</u>
Total amounts unavailable to management without Board approval:		
Board designated for building renovation	(349,348)	(338,851)
Board designated reserves	(4,956,250)	(4,688,206)
Board designated for donor advised funds	(493,524)	(1,303,422)
Board designated Pay it Forward Fund	<u>(38,156)</u>	<u>(38,156)</u>
Total amount unavailable to management without Board's approval	<u>(5,837,278)</u>	<u>(6,368,635)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 4,224,514</u>	<u>\$ 6,546,853</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**3. Investments and Fair Value Measurements**

The following is an analysis of investment income for the year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 86,130	\$ 54,778	\$ 140,908
Net realized and unrealized gains (losses)	277,763	102,137	379,900
Direct internal investment expenses	<u>(8,648)</u>	<u>-</u>	<u>(8,648)</u>
Investment income, net	<u>\$ 355,245</u>	<u>\$ 156,915</u>	<u>\$ 512,160</u>

Investment income shown above is net of external investment fees of \$14,093 for the year ended June 30, 2018.

The following is an analysis of investment income for the year ended June 30, 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 44,165	\$ 37,825	\$ 81,990
Net realized and unrealized gains (losses)	276,052	207,611	483,663
Direct internal investment expenses	<u>(7,464)</u>	<u>-</u>	<u>(7,464)</u>
Investment income, net	<u>\$ 312,753</u>	<u>\$ 245,436</u>	<u>\$ 558,189</u>

Investment income shown above is net of external investment fees of \$10,353 for the year ended June 30, 2017.

UWSELA utilizes fair value measurements to record certain assets and to determine fair value disclosures. In accordance with FASB ASC Topic 820, "Fair Value Measurements," fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**3. Investments and Fair Value Measurements (continued)**

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability. Below is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used during the years ended June 30, 2018 and 2017.

Brokered certificates of deposit are short term and are valued at current market value.

U.S. Government securities and mutual funds are valued at the closing price reported on the active or observable market on which the individual securities are traded.

Investments in endowments other than mutual funds are valued at the fair value of the trust investments as reported to UWSELA by the trustees, and include the use of Net Asset Values (NAV) as the primary input to measure fair value.

The following are schedules of investments held by UWSELA at June 30, 2018 and 2017, including the fair value detailed by level of measurement.



**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**3. Investments and Fair Value Measurements (continued)**

The following is a schedule of investments held by UWSELA at June 30, 2018, including the fair value detailed by level of measurement.

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Certificates of deposit	\$ 4,414,445	\$ 4,414,445	\$ -
U.S. Government Securities	4,824,921	4,824,921	-
Investments in Endowments:			
Mutual Funds	1,421,413	1,421,413	-
Beneficial interest in assets held by others	3,293,729	-	3,293,729
Investment in common endowment fund of Greater New Orleans Foundation	332,660	-	332,660
Subtotal	<u>\$14,287,168</u>	<u>\$10,660,779</u>	<u>\$ 3,626,389</u>

The following is a schedule of investments held by UWSELA at June 30, 2017, including the fair value detailed by level of measurement.

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Certificates of deposit	\$ 5,947,334	\$ 5,947,334	\$ -
U.S. Government Securities	10,029	10,029	-
Investments in Endowments:			
Mutual Funds	1,950,859	1,950,859	-
Beneficial interest in assets held by others	3,167,085	-	3,167,085
Investment in common endowment fund of Greater New Orleans Foundation	319,602	-	319,602
Subtotal	<u>\$ 11,394,909</u>	<u>\$ 7,908,222</u>	<u>\$ 3,486,687</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**4. Allowance for Uncollectible Pledges**

An analysis of activity in the allowance for uncollectible pledges is as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Balance – beginning of year	\$ 664,010	\$ 851,865
Add (deduct):		
Provision for uncollectible pledges	473,269	644,529
Cancellations and removal of excess shrinkage	<u>(613,459)</u>	<u>(832,384)</u>
Balance - end of year	<u>\$ 523,820</u>	<u>\$ 664,010</u>

**5. Pledges Receivable – Promises to Give**

Pledges receivable consists of campaign promises to give. Concentrations of credit risk with respect to the promises to give are limited due to the large number of contributors comprising UWSELA's contributor base and their dispersion across different industries in Southeast Louisiana.

Pledges receivable due within one year are recorded at fair value with no discount recorded, as collection is expected within 12 months. During 2018, UWSELA received a pledge of \$1,000,000 to be paid over five years, with the first payment anticipated during fiscal year 2019. As such, a discount to net present value has been recorded on this pledge.

Pledges receivable at June 30, 2018 included:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
Current campaign	\$ 5,136,734	\$ 20,155	\$ 5,156,889
Prior campaigns	50,822	-	50,822
Less: discount to net present value at 4.25%	(78,278)	-	(78,278)
Less: allowance for uncollectible pledges	<u>(523,820)</u>	<u>-</u>	<u>(523,820)</u>
Pledges receivable, net	<u>\$ 4,585,458</u>	<u>\$ 20,155</u>	<u>\$ 4,605,613</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**5. Pledges Receivable – Promises to Give**

Pledges receivable at June 30, 2017 included:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
Current campaign	\$ 5,988,643	\$ 47,511	\$ 6,036,154
Prior campaigns	33,093	-	33,093
Less: allowance for uncollectible pledges	<u>(664,010)</u>	<u>-</u>	<u>(664,010)</u>
Pledges receivable, net	<u><u>\$ 5,357,726</u></u>	<u><u>\$ 47,511</u></u>	<u><u>\$ 5,405,237</u></u>

**6. Agency Transactions**

UWSELA was awarded the contract to administer the Combined Federal Campaign for the Greater New Orleans Area (the Campaign), under which it conducts on-the-job solicitation of federal civilian and uniformed service personnel who are located in the greater New Orleans area for contributions to various federations. The following activity for the years ended June 30, 2018 and 2017 has been included in UWSELA's financial statements as agency transactions. Fiscal year 2017 was the last year UWSELA was the administrator of this campaign.

	<u>2018</u>	<u>2017</u>
Statement of Financial Position		
Cash and cash equivalents	\$ -	\$ 396,117
Pledges receivable	-	698,237
Less: Allowance for uncollectible pledges	-	(82,887)
Prepaid expense	-	809
Total assets	<u>-</u>	<u>1,012,276</u>
Allocations and other payables	-	(743,939)
Due to UWSELA	<u>-</u>	<u>(268,337)</u>
Net Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Statement of Activities		
Contributions	\$ -	\$ 1,255,866
Less: Payments to designated affiliates	<u>-</u>	<u>(1,255,866)</u>
Change in Net Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**7. Retirement Plans**

UWSELA has a Safe Harbor 401(k) Plan for all employees. UWSELA makes a discretionary contribution to the Plan each December for eligible employees. For the year ended June 30, 2018, the discretionary contribution was 7% of eligible earnings, but the Board of Trustees retains authority to change the contribution amount annually. In addition to the discretionary contribution, UWSELA matches 100% of the first 3% of employee salary deferrals and 50% of the next 2%. The maximum match is 4%. For the years ended June 30, 2018 and 2017, UWSELA contributed \$246,402 and \$248,767, respectively, to the Plan. Expenses associated with the administration of the Plan are deducted from non-vested assets forfeited by participants.

**8. Net Assets Without Donor Restriction**

UWSELA's Board of Trustees has historically designated as board designated endowments certain contributions received without donor stipulations and the investment returns related to such contributions. Amounts so designated are included in net assets without donor restrictions in the statements of financial position in accordance with FASB ASC Topic 958, "Not-for-Profit Entities." The net assets without donor restriction of UWSELA, including the amounts designated by the Board of Trustees at June 30, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Board designated operating reserve	\$ 4,956,250	\$ 4,688,207
Beneficial interest held by others (board designated)	3,293,729	3,167,085
Land, building, equipment, and automobiles	638,198	616,748
Donor advised funds	493,524	1,303,422
Financial stability (Prosperity Center)	470,624	60,770
Board designated building renovation and upkeep	349,348	338,851
Board designated endowment funds	317,937	304,878
Subsequent revenue for operating budget	225,016	51,260
Working capital	120,000	418,206
Louisiana prisoner re-entry initiative	75,000	-
Equity initiative	50,000	-
Board net assets to be determined	43,550	62,500
Board designated Pay it Forward fund	38,156	38,156
Undistributed fall 2017 and fall 2018 campaign	20,365	17,940
Board designated impact grant fund	8,194	8,677
2018-2019 special event revenue	5,475	2,750
Board designated rebuilding initiative	2,007	2,032
Board designated United Response fund	-	504
	<u>\$ 11,107,373</u>	<u>\$ 11,081,986</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Donor restricted - permanent</u>		
Ratepayer endowment funds	\$ 1,702,211	\$ 1,679,673
Endowment funds at GNOF	14,724	14,724
Total donor restricted - permanent	<u>1,716,935</u>	<u>1,694,397</u>
 <u>Donor restricted - temporary</u>		
IDA Program	\$ 781,443	\$ 977,414
Flood relief efforts	623,216	975,719
Undistributed fall 2017 and fall 2018 campaign	376,553	263,945
Financial stability (Prosperity Center)	374,704	328,468
Ratepayer endowment funds	311,247	274,472
SB6/Seamless transition/parent engagement	149,077	43,263
Women United Fund	94,703	128,919
Alice report	49,796	30,272
Hurricane Harvey Relief	44,199	-
Club Connect and Early Grade Reading	41,152	66,152
Rebuilding initiative	32,350	16,796
Louisiana Prisoner Re-Entry Initiative	15,106	-
Tornado relief efforts	10,351	20,826
School to career/Ready by 21	5,644	7,162
Hospitality cares	1,727	79,455
Loyola Nancy Marsiglia Institute	475	-
Equity Initiative	208	-
Financial assistance fund	-	292,467
Project sponsors	-	1,661
Total donor restricted - temporary	<u>2,911,951</u>	<u>3,506,991</u>
 Total net assets with donor restrictions	 <u>\$ 4,628,886</u>	 <u>\$ 5,201,388</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**10. Concentration of Credit Risk**

UWSELA maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time the amounts on deposit may exceed the federally insured limits.

Securities purchased under agreements to resell included in cash and cash equivalents, totaling \$1,226,086 and \$3,196,941 were fully collateralized by government agency securities at June 30, 2018 and 2017, respectively.

The investments in UWSELA's endowment funds are not guaranteed or otherwise secured by the Trustees. The endowment funds are invested in diverse portfolios of equities, fixed income securities, exchange-traded funds, other investments, and money market funds.

**11. Advertising**

UWSELA's policy is to expense all advertising fees as incurred. Advertising purchased was \$102,988 and \$84,627 for the years ended June 30, 2018 and 2017, respectively.

**12. Occupancy**

UWSELA leases space in the Norman Mayer Memorial Building to nonprofit agencies that support UWSELA's work. There is one tenant who is in a monthly lease with no expiry date, a second tenant whose lease began on March 1, 2018 and expires on February 28, 2019, and a third tenant whose lease began on May 1, 2018 and expires on February 28, 2019. Rental income associated with these leases totaled \$160,079 and \$145,453 for the years ended June 30, 2018 and 2017, respectively. Building expenses related to the leases totaled \$369,358 and \$336,352 for the years ended June 30, 2018 and 2017, respectively. These expenses have been included in the statement of functional expenses in their natural classification. The following is a schedule of future rental income under the lease agreements.

<u>Year Ended June 30</u>	
2019	<u>\$ 177,917</u>

**13. Endowment Assets**

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Following is a description of UWSELA's endowment funds.

UWSELA has a board-designated, irrevocable endowment fund with the Greater New Orleans Foundation to receive and invest funds for the benefit of UWSELA. All income received from the endowment is without restriction and is used to cover operating expenses. There were no contributions to the endowment fund for the years ended June 30, 2018 and 2017. Investment income for the years ended June 30, 2018 and 2017, net of administrative expenses and grants, totaled \$126,644 and \$124,840, respectively. The amount of the endowment reflected in the statements of financial position as beneficial interest in assets held by others is \$3,293,729 and \$3,167,085 at June 30, 2018 and 2017, respectively. Contributions to the endowment fund are considered to be without donor restriction because they are board-designated funds. Endowment funds considered permanently designated by the Board, due to legal restrictions, are \$2,218,076 at June 30, 2018 and 2017.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**13. Endowment Assets (continued)**

UWSELA's donor-restricted common endowment funds with the Greater New Orleans Foundation consist of four separate funds. The original investment of \$14,724 in three of the endowment funds is permanently donor-restricted. All income is without donor restriction. There were no contributions to the endowment funds for the years ended June 30, 2018 and 2017. Investment income for the years ended June 30, 2018 and 2017, net of administrative expenses and grants, totaled \$13,059 and \$12,846, respectively. The amount of endowments reflected in the statement of financial position as investment in common endowment fund is \$332,660 and \$319,602 at June 30, 2018 and 2017, respectively.

The New Orleans Electric Ratepayers Fund is a donor-restricted endowment fund of UWSELA. The original investment in the endowment fund and all short and long term capital gains are permanently donor-restricted. Investment income and unrealized gains and losses are temporarily donor-restricted. There were no contributions to the endowment for the years ended June 30, 2018 and 2017. Investment income for the years ended June 30, 2018 and 2017, net of withdrawals, totaled \$59,314 and \$157,152, respectively. As of June 30, 2018 and 2017, the amount of endowments reflected in the statement of financial position as mutual funds is \$1,421,413 and \$1,950,859, respectively.

**Interpretation of Relevant Law**

The Board of Trustees of UWSELA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWSELA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, UWSELA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of UWSELA

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**13. Endowment Assets (continued)**

Financial Summary

The following summarizes the financial activity of the endowment assets of UWSELA for the year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 1, 2017, as restated	\$ 3,471,963	\$ 1,968,869	\$ 5,440,832
Investment return:			
Investment income	14,137	42,283	56,420
Net appreciation (realized and unrealized)	<u>263,626</u>	<u>102,137</u>	<u>365,763</u>
Total investment return	277,763	144,420	422,183
Contributions	-	-	-
Appropriation of endowment assets for grants	<u>(138,060)</u>	<u>(85,107)</u>	<u>(223,167)</u>
Endowment net assets, June 30, 2018	<u>\$ 3,611,666</u>	<u>\$ 2,028,182</u>	<u>\$ 5,639,848</u>

The following summarizes the financial activity of the endowment assets of UWSELA for the year ended June 30, 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 1, 2016, as restated	\$ 3,334,276	\$ 1,811,716	\$ 5,145,992
Investment return:			
Investment income	13,194	33,475	46,669
Net appreciation (realized and unrealized)	<u>262,858</u>	<u>207,611</u>	<u>470,469</u>
Total investment return	276,052	241,086	517,138
Contributions	-	-	-
Appropriation of endowment assets for grants	<u>(138,365)</u>	<u>(83,933)</u>	<u>(222,298)</u>
Endowment net assets, June 30, 2017	<u>\$ 3,471,963</u>	<u>\$ 1,968,869</u>	<u>\$ 5,440,832</u>



**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**13. Endowment Assets (continued)**

Endowment Net Asset Composition by Type of Fund as of June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor - restricted endowment funds	\$ -	\$ 2,028,182	\$ 2,028,182
Board - designated endowment funds	3,611,666	-	3,611,666
June 30, 2018	<u>\$ 3,611,666</u>	<u>\$ 2,028,182</u>	<u>\$ 5,639,848</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor - restricted endowment funds	\$ -	\$ 1,968,869	\$ 1,968,869
Board - designated endowment funds	3,471,963	-	3,471,963
June 30, 2018	<u>\$ 3,471,963</u>	<u>\$ 1,968,869</u>	<u>\$ 5,440,832</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires UWSELA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies may result from unfavorable market fluctuations occurring after the investment of new permanently restricted contributions and continued appropriation for programs that was deemed prudent by the Board of Trustees. At June 30, 2018 and 2017, there were no such deficiencies.

Return Objectives and Risk Parameters

UWSELA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that UWSELA must hold in perpetuity or for a donor-specified period(s) as well as board-designated endowment funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principal of the endowment assets.

# UNITED WAY OF SOUTHEAST LOUISIANA

## Notes to Financial Statements

June 30, 2018

### **13. Endowment Assets (continued)**

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, UWSELA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWSELA targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

UWSELA has a policy of appropriating for distribution each year the donors' contribution and the investment earnings for the year. Accordingly, over the long-term, UWSELA expects the current spending policy to allow for preservation of the principal.

### **14. Line of Credit**

UWSELA has a line of credit with a financial institution in the amount of \$1,000,000 with a variable interest rate based on the published "Money Rates" in the Wall Street Journal. The line of credit matures on January 24, 2019. At June 30, 2018 and 2017, there was no outstanding balance on the line of credit.

### **15. Compensated Absences Payable**

Employee personal leave is cumulative and may be carried forward from year to year, up to a maximum of 60 workdays. Upon separation, employees are paid for any unused personal leave days. The accrued liability was \$283,026 and \$242,400 at June 30, 2018 and 2017, respectively.

### **16. Gain on Settlement**

During 2017, UWSELA settled a claim filed with the Deepwater Horizon Court-Supervised Settlement Program for \$2,600,000. In 2017 UWSELA recorded a gain on settlement of \$1,913,563 which included a cash payment of \$971,063, of which \$65,000 was recorded as campaign revenue for a corporate pledge and a receivable for the remaining balance of \$1,007,500. This remaining balance was received by UWSELA during 2018. The 2018 cash payment of \$1,007,500 was net of \$292,500 attorney fees. A related party represented UWSELA in these settlement negotiations.

### **17. Related Parties**

United Way of Southeast Louisiana (UWSELA) purchased general liability and umbrella insurance policies from Hartwig-Moss Insurance Agency (Hartwig-Moss). Robby Moss, President of Hartwig-Moss, is a member of the Finance and Operations Committee of UWSELA. The total paid to Hartwig-Moss during 2018 and 2017 was \$52,856 and \$58,137, respectively.

The Chairman of the Board of Trustees of UWSELA represented UWSELA's legal interests during the Deepwater Horizon Court-Supervised Settlement Program. That board member's firm received payments of \$292,500 and \$292,500 during 2018 and 2017, respectively, related to the settlement.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2018**

**18. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was October 19, 2018 and determined that no events occurred that required disclosure. Subsequent events occurring after this date have not been evaluated for inclusion in these financial statements.

**UNITED WAY OF SOUTHEAST LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

**For the Year Ended June 30, 2018**

Agency Head: Michael Williamson, President/CEO

*Not applicable. Public funds not used for agency head compensation, benefits, and other payments during the fiscal year ended June 30, 2018.*

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees  
United Way of Southeast Louisiana  
New Orleans, Louisiana

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 Southeast Louisiana (a nonprofit organization) (UWSELA) which comprise the statement of financial position as of June 30, 2018, 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 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UWSELA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UWSELA's internal control. Accordingly, we do not express an opinion on the effectiveness of UWSELA'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 weakness. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWSELA'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.



Metairie, Louisiana  
October 19, 2018