

R E P O R T

UNITED WAY OF SOUTHEAST LOUISIANA

JUNE 30, 2014

UNITED WAY OF SOUTHEAST LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

December 10, 2014

To the Board of Trustees of the
United Way of Southeast Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Southeast Louisiana (UWSEL), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the six month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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 UWSEL A as of June 30, 2014, and the changes in its net assets and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of UWSEL A'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 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 UWSEL A's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,536,664	\$ 1,955,939	\$ -	\$ 3,492,603
Investments, at fair value:				
Certificates of Deposit	2,469,418	1,335,667	-	3,805,085
U.S. Government securities	10,010	-	-	10,010
Corporate stock	-	6,086	-	6,086
Mutual funds	-	314,078	1,620,082	1,934,160
Beneficial interest in assets held by others	950,894	-	2,218,076	3,168,970
Investment in Common Endowment Fund of Greater New Orleans Foundation	304,660	-	14,724	319,384
Total investments	<u>3,734,982</u>	<u>1,655,831</u>	<u>3,852,882</u>	<u>9,243,695</u>
Pledges receivable:				
Current campaign	5,013,866	56,788	-	5,070,654
Prior campaigns	307,738	61,000	-	368,738
Less: Allowance for uncollectible pledges	(1,021,542)	(61,000)	-	(1,082,542)
Pledges receivable, net	<u>4,300,062</u>	<u>56,788</u>	<u>-</u>	<u>4,356,850</u>
Other assets and prepaid expenses	98,422	163,313	-	261,735
Property and equipment:				
Land	302,893	-	-	302,893
Automobile	34,539	-	-	34,539
Building	1,181,053	-	-	1,181,053
Furniture and equipment	827,886	-	-	827,886
Less: Accumulated depreciation	(1,598,971)	-	-	(1,598,971)
Property and equipment, net	<u>747,400</u>	<u>-</u>	<u>-</u>	<u>747,400</u>
TOTAL ASSETS	\$ 10,417,530	\$ 3,831,871	\$ 3,852,882	\$ 18,102,283
LIABILITIES AND NET ASSETS:				
Allocations and designations payable to member agencies	\$ 5,017,048	\$ 17,599	\$ -	\$ 5,034,647
Accounts payable and accrued expenses	548,354	192,793	-	741,147
Deferred revenue	-	72,822	-	72,822
Total liabilities	<u>5,565,402</u>	<u>283,214</u>	<u>-</u>	<u>5,848,616</u>
Net assets:				
Unrestricted	4,852,128	-	-	4,852,128
Temporarily restricted	-	3,548,657	-	3,548,657
Permanently restricted	-	-	3,852,882	3,852,882
Total net assets	<u>4,852,128</u>	<u>3,548,657</u>	<u>3,852,882</u>	<u>12,253,667</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 10,417,530	\$ 3,831,871	\$ 3,852,882	\$ 18,102,283

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

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:				
Public support:				
Contributions	\$ 9,750,405	\$ 1,768,931	\$ 11,217	\$ 11,530,553
Less:				
Provision for uncollectible accounts	(585,087)	(5,000)	-	(590,087)
Donor designations	<u>(1,931,101)</u>	<u>(36,624)</u>	<u>-</u>	<u>(1,967,725)</u>
Total public support	7,234,217	1,727,307	11,217	8,972,741
Revenue:				
Investment income	107,460	96,904	156	204,520
In-kind contributions	273,175	-	-	273,175
Grants, program and consulting fees	-	928,671	-	928,671
Special events , fundraisers and other income, net of expense	(8,651)	-	-	(8,651)
Service fee income	318,564	-	-	318,564
Rental income (loss), net of expense	(99,872)	-	-	(99,872)
Net assets released from restrictions	<u>1,578,638</u>	<u>(1,578,638)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>9,403,531</u>	<u>1,174,244</u>	<u>11,373</u>	<u>10,589,148</u>
FUNCTIONAL EXPENSES:				
Allocations to agencies and other assistance provided	6,516,609	-	-	6,516,609
Less: designations to agencies	<u>(1,967,725)</u>	<u>-</u>	<u>-</u>	<u>(1,967,725)</u>
Net allocations	4,548,884	-	-	4,548,884
National organization dues	54,983	-	-	54,983
Other functional expenses	<u>3,095,027</u>	<u>-</u>	<u>-</u>	<u>3,095,027</u>
Total functional expenses	<u>7,698,894</u>	<u>-</u>	<u>-</u>	<u>7,698,894</u>
Change in net assets	1,704,637	1,174,244	11,373	2,890,254
NET ASSETS - JANUARY 1, 2014	<u>3,147,491</u>	<u>2,374,413</u>	<u>3,841,509</u>	<u>9,363,413</u>
NET ASSETS - JUNE 30, 2014	<u>\$ 4,852,128</u>	<u>\$ 3,548,657</u>	<u>\$ 3,852,882</u>	<u>\$ 12,253,667</u>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2014**

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Supporting Services Expenses	Total
	Community Impact & Fund Distribution	Grants and Other	Total Program Expenses	Fund Raising	Marketing and Public Relations	Management and General		
Allocations/designations and assistance to others	\$ 6,516,609	\$ -	\$ 6,516,609	\$ -	\$ -	\$ -	\$ -	\$ 6,516,609
Less: donor designations	(1,967,725)	-	(1,967,725)	-	-	-	-	(1,967,725)
Net allocations	<u>4,548,884</u>	<u>-</u>	<u>4,548,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,548,884</u>
Salaries	240,423	514,303	754,726	536,246	113,421	243,373	893,040	1,647,766
Employee benefits	50,311	61,367	111,678	108,702	26,238	43,243	178,183	289,861
Payroll taxes	18,389	26,740	45,129	40,856	8,727	17,999	67,582	112,711
Total salaries and related expenses	<u>309,123</u>	<u>602,410</u>	<u>911,533</u>	<u>685,804</u>	<u>148,386</u>	<u>304,615</u>	<u>1,138,805</u>	<u>2,050,338</u>
Professional fees	7,494	225,181	232,675	66,560	4,336	6,974	77,870	310,545
Supplies	4,142	14,250	18,392	21,230	1,511	2,606	25,347	43,739
Telephone	3,523	4,779	8,302	9,412	1,725	2,838	13,975	22,277
Postage and shipping	327	761	1,088	2,094	127	278	2,499	3,587
Occupancy	4,175	5,268	9,443	18,727	1,291	5,276	25,294	34,737
Equipment rental and maintenance	1,957	3,414	5,371	5,663	976	2,350	8,989	14,360
Printing, publications and advertising	3,352	37,417	40,769	39,582	5,204	487	45,273	86,042
In kind advertising	10,642	118,795	129,437	125,670	16,522	1,546	143,738	273,175
Local travel and report meetings	10,965	81,961	92,926	47,504	2,841	5,182	55,527	148,453
Training and out of town travel	5,135	14,782	19,917	23,109	1,346	2,715	27,170	47,087
Membership dues	384	1,128	1,512	3,443	160	238	3,841	5,353
Equipment purchases	1,089	1,323	2,412	2,924	127	451	3,502	5,914
Miscellaneous	<u>340</u>	<u>819</u>	<u>1,159</u>	<u>2,735</u>	<u>167</u>	<u>429</u>	<u>3,331</u>	<u>4,490</u>
Total other expenses before national organization dues and depreciation	<u>362,648</u>	<u>1,112,288</u>	<u>1,474,936</u>	<u>1,054,457</u>	<u>184,719</u>	<u>335,985</u>	<u>1,575,161</u>	<u>3,050,097</u>
National organization dues	-	-	-	-	-	54,983	54,983	54,983
Depreciation	<u>5,841</u>	<u>16,175</u>	<u>22,016</u>	<u>14,827</u>	<u>2,696</u>	<u>5,391</u>	<u>22,914</u>	<u>44,930</u>
Total other functional expenses	<u>368,489</u>	<u>1,128,463</u>	<u>1,496,952</u>	<u>1,069,284</u>	<u>187,415</u>	<u>396,359</u>	<u>1,653,058</u>	<u>3,150,010</u>
TOTAL FUNCTIONAL EXPENSES	\$ 4,917,373	\$ 1,128,463	\$ 6,045,836	\$ 1,069,284	\$ 187,415	\$ 396,359	\$ 1,653,058	\$ 7,698,894

The accompanying notes are an integral part of these financial statements

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

Cash flows from operating activities:

Change in net assets	\$ 2,890,254
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	44,930
Provision for uncollectible accounts	590,087
Realized and unrealized loss (gain) on investments	(168,658)
Changes in assets and liabilities:	
Pledges receivable, net	(1,833,265)
Prepaid expenses and other assets	(39,977)
Accounts payable and accrued liabilities	316,343
Amounts held for others	(36,966)
Allocations and designations payable	273,047
Deferred revenue	72,822
Net cash provided by operating activities	<u>2,108,617</u>

Cash flows from investing activities:

Purchases of property and equipment	(42,275)
Net purchases of investments	(988,365)
Net cash used by investing activities	<u>(1,030,640)</u>

Net change in cash and cash equivalents 1,077,977

Cash and cash equivalents, January 1, 2014 2,414,626

Cash and cash equivalents, June 30, 2014 \$ 3,492,603

Cash paid for:

Interest	\$ <u> </u> -
Income taxes	\$ <u> </u> -

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

ORGANIZATIONAL PURPOSE:

United Way of Southeast Louisiana (UWSEL) 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. UWSEL's mission is to increase the organized capacity of people to care for one another in order to create a stronger community for all. UWSEL collaborates with government, business, faith groups and other nonprofits in the seven-parish region to identify and address serious issues. UWSEL raises funds through an annual workplace campaign, individual and corporate gifts, grants and partnerships. UWSEL funds needed health and human community services based on best practices, and assesses the success of those programs based on the achievement of pre-defined outcomes.

UWSEL also serves as a campaign agent for the solicitation of contributions from federal civilian and uniformed service personnel.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting:

The financial statements of UWSEL are prepared on the accrual basis.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, UWSEL is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Public Support and Revenue:

In accordance with ASC 958-605, *Revenue Recognition of Not-for-Profit Entities*, contributions to UWSEL 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 temporarily restricted support. In addition, custodial funds, whereby UWSEL simply serves as a conduit for contributions to others based on donor designations, are included in revenue in UWSEL's financial statements, but are then subtracted from revenue and the related expense. UWSEL honors all designations.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Public Support and Revenue: (Continued)

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, temporarily restricted net assets are reclassified to unrestricted net assets 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 UWSELAs 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 \$273,175 for advertising donated during the six months ended June 30, 2014.

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 unrestricted net assets 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 2 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. Depreciation expense for the six months ended June 30, 2014 was \$44,930.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocations to Member Agencies:

Annual allocations to agencies are established after completion of the annual fund raising campaign and accrued upon approval by the Board. Allocations based on donor designations are accrued when the designated pledges are made. 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 allocations to agencies are returned to net assets in the year in which the amounts of the unexpended allocations are determined.

Functional Expenses:

Expenses presented in the statement of functional expenses are allocated between program and supporting services. UWSEL A allocates expenses using the full-time equivalent method which is based on the number of full-time employees in each department.

Program services consists of fund distribution and outcomes, which represents the review of agencies, programs, outcomes, UWSEL A's funding decisions, and "other", which includes grants for early childhood education, quality improvement, Volunteer Income Tax Assistance, Earned Income Tax Credit programs, Success by Six, Individual Development Savings Accounts, School to Career/Ready By 21, home rebuilding grants and other programs.

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

Income Taxes:

UWSEL A 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, 2014, UWSEL A 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 five years.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

UWSEL A carried investments at fair value totaling \$9,243,695 at June 30, 2014. The following is an analysis of investment income for the six months ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$ 19,072	\$ 16,946	\$ --	\$ 36,018
Net realized and unrealized gains (losses)	<u>88,388</u>	<u>79,958</u>	<u>156</u>	<u>168,502</u>
Total return on investments	<u>\$ 107,460</u>	<u>\$ 96,904</u>	<u>\$ 156</u>	<u>\$ 204,520</u>

Investment income shown above is net of investment fees of \$5,281 for the six months ended June 30, 2014.

UWSEL A 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 between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (Continued)

ASC Topic 820 establishes a three-tier fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair values, as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Quoted prices for similar assets or liabilities in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling or other valuation methodologies.

Level 3: Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used during the six months ended June 30, 2014.

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 UWSEL A by the trustees.

The following is a schedule of investments held by UWSEL A at June 30, 2014, including the fair value detailed by level of measurement.

	Total	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
INVESTMENTS:					
Certificates of deposit	\$ 3,805,085	\$ 3,805,085	\$ --	\$ --	\$ --
U. S. Government Securities	10,010	10,010	--	--	--
Corporate stock	6,086	6,086			
Investments in Endowments:					
Mutual funds	1,934,160	1,934,160	--	--	--
Beneficial interest in assets held by others	3,168,970	855,622	1,996,451	316,897	
Investment in common endowment fund of Greater New Orleans Foundation	319,384	86,234	201,212	31,938	
Total	<u>\$ 9,243,695</u>	<u>\$ 6,697,197</u>	<u>\$ 2,197,663</u>	<u>\$ 348,835</u>	

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (Continued)

The tables below set forth a summary of changes in the fair value of UWSELAs Level 3 assets for the six months ended June 30, 2014.

	Beneficial Interest In Assets Held By Others	Investment in Common Endowment Fund of Greater New Orleans Foundation	Total
Balance - January 1, 2014	\$ 317,429	\$ 32,145	\$ 349,574
Net contributions/distributions	(9,727)	(1,134)	(10,861)
Investment return earned	<u>9,195</u>	<u>927</u>	<u>10,122</u>
Balance - June 30, 2014	<u><u>\$ 316,897</u></u>	<u><u>\$ 31,938</u></u>	<u><u>\$ 348,835</u></u>

3. ALLOWANCE FOR UNCOLLECTIBLE PLEDGES:

An analysis of the activity in the allowance for uncollectible pledges is as follows for the six months ended June 30, 2014:

Balance – January 1, 2014	\$ 1,015,908
Add (deduct):	
Provision for uncollectible pledges	590,087
Cancellations and removal of excess shrinkage	(523,453)
Balance – June 30, 2014	<u><u>\$ 1,082,542</u></u>

4. PROPERTY AND EQUIPMENT:

An analysis of the activity for property and equipment, net of accumulated depreciation, is as follows for the six months ended June 30, 2014:

Balance – January 1, 2014	\$ 750,055
Additions	42,275
Disposals	--
Less: Depreciation expense	(44,930)
Balance – June 30, 2014	<u><u>\$ 747,400</u></u>

5. AGENCY TRANSACTIONS:

UWSELAs 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.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. AGENCY TRANSACTIONS: (Continued)

The following activity for the six months ended June 30, 2014 has been included in UWSELAs financial statements as agency transactions.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	\$ 262,432
Pledges receivable	509,826
Less: Allowance for uncollectible pledges	<u>(80,999)</u>
Total assets	691,259
Allocations and other payables to agencies	(488,093)
Due to UWSELAs	<u>(203,166)</u>
NET ASSETS	\$ <u> </u> --

STATEMENT OF ACTIVITIES

Contributions	\$ 121,297
Less: Payments to designated affiliates	<u>(121,297)</u>
CHANGE IN NET ASSETS	\$ <u> </u> --

6. RETIREMENT PLANS:

UWSELAs has a Safe Harbor 401(k) Plan for all employees. UWSELAs makes a discretionary contribution to the Plan each December for eligible employees. For the six months ended June 30, 2014, 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, UWSELAs matches 100% of the first 3% of employee salary deferrals and 50% of the next 2%. The maximum match is 4%. For the six months ended June 30, 2014, UWSELAs contributed \$132,173 to the Plan. Expenses associated with the administration of the Plan are deducted from non-vested assets forfeited by participants.

7. UNRESTRICTED NET ASSETS:

UWSELAs 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 unrestricted net assets in the statement of financial position in accordance with FASB ASC Topic 958, "Not-for-Profit Entities." The unrestricted net assets of UWSELAs, including the amounts designated by the Board of Trustees at June 30, 2014, are summarized as follows:

Board designated operating reserve	\$ 1,344,054
Board designated building renovation and upkeep	285,222
Board designated endowment funds	1,255,554
Board designated United Response fund	11,513
Board designated Pay it Forward fund	112,657
Board designated donor advised funds	696,701
Board designated rebuilding initiative	4,822
Board designated Impact Grant fund	18,345
Land, building, equipment and automobiles	734,348
Other unrestricted	<u>388,912</u>
	<u>\$ 4,852,128</u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes at June 30, 2014:

Contributions for future campaigns	\$ 323,823
Financial Assistance Fund	591,374
SB6/Seamless Transition/Parent Engagement	96,223
Rebuilding Initiative	114,969
Hospitality Cares	67,418
Individual Development Savings Accounts	1,333,447
Ratepayer Endowment funds	318,309
School to Career/Ready By 21	20,266
Women's Leadership Council	214,753
Project Sponsors	3,967
Plaquemines-Rebuild and Maintenance	
Community Centers	464,108
	<u>\$ 3,548,657</u>

9. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets at June 30, 2014, are restricted to investments in perpetuity, the income from which is expendable to support the purposes of the following:

Common Endowment Funds:	
Charles E. Dunbar Fund	\$ 1,000
N.O.P.S.I. Endowment Fund (G.S. Dinwiddie)	3,724
Edith H. Beekman Fund	10,000
New Orleans Electric Ratepayers Fund	1,620,082
Beneficial interest in assets held by others	2,218,076
	<u>\$ 3,852,882</u>

The permanently restricted net assets all relate to endowment funds of UWSEL A. See note 15 for descriptions of the endowment funds.

10. CONCENTRATION OF CREDIT RISK:

UWSEL A 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. The amounts on deposit as of June 30, 2014 exceeded the federally insured limit by \$8,512.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

10. CONCENTRATION OF CREDIT RISK: (Continued)

Securities purchased under agreements to resell included in cash and cash equivalents, totaling \$2,928,437 were fully collateralized by government agency securities at June 30, 2014.

The investments in UWSELAs 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. 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 UWSELAs contributor base and their dispersion across different industries in the Southeast Louisiana.

Pledged receivables are unsecured and are due within one year; hence, they are recorded at fair value without any discount factored. Pledges receivable in the amount of \$5,439,392 were outstanding at June 30, 2014.

12. ADVERTISING:

UWSELAs policy is to expense all advertising fees as incurred. Advertising purchased was \$17,666 for the six months ended June 30, 2014.

The expense recognized for in-kind advertising services donated was \$273,175 for the six months ended June 30, 2014.

13. OPERATING LEASES:

UWSELAs leases office space in Mandeville, Louisiana. The lease commenced in April 2012 and expires in March 2017. Rent expense for the six months ended June 30, 2014 was \$9,500. The following is a schedule of future rental expense under the lease agreement.

<u>Year Ended June 30</u>	<u>Amount</u>
2015	\$ 18,000
2016	18,000
2017	<u>13,500</u>
	<u>\$ 49,500</u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. OCCUPANCY

UWSEL A leases space in the Norman Mayer Memorial Building to a nonprofit agency that is a member agency of UWSEL A under a lease expiring in December 31, 2015. Rental income associated with the lease totaled \$73,104 for the six months ended June 30, 2014. Building expenses related to the lease totaled \$172,977 for the six months ended June 30, 2014. These expenses have been included in the statement of activities as a deduction of rental income. The following is a schedule of future rental income under the lease agreement.

<u>Year Ended June 30</u>	<u>Amount</u>
2015	\$ 144,298
2016	<u>72,149</u>
	<u><u>\$ 216,447</u></u>

15. ENDOWMENT ASSETS:

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

UWSEL A has a board-designated, irrevocable endowment fund with the Greater New Orleans Foundation to receive and invest funds for the benefit of UWSEL A. All income received from the endowment is unrestricted and is used to cover operating expenses. Contributions received and transferred to the endowment fund for the six months ended June 30, 2014 totaled \$11,217. Investment income for the six months ended June 30, 2014, net of administrative expenses and grants, totaled \$(16,539). The amount of the endowments reflected in the statement of financial position as beneficial interest in assets held by others is \$3,168,970 at June 30, 2014. The original and subsequent contributions to the endowment fund are considered to be permanently restricted because they are irrevocable gifts to a permanent endowment.

UWSEL A'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 restricted. All income is unrestricted. There were no contributions to the endowment funds for the six months ended June 30, 2014. Investment income for the six months ended June 30, 2014, net of administrative expenses and grants, totaled \$(2,069). The amount of endowments reflected in the statement of financial position as investment in common endowment fund is \$319,384 at June 30, 2014.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

15. ENDOWMENT ASSETS: (Continued)

The New Orleans Electric Ratepayers Fund is a donor-restricted endowment fund of UWSEL. The original investment in the endowment fund and all short and long term capital gains are permanently restricted. Investment income and unrealized gains and losses are temporarily restricted. There were no contributions to the endowment for the six months ended June 30, 2014. Investment income for the six months ended June 30, 2014, net of withdrawals, totaled \$18,486. As of June 30, 2014, the amount of endowments reflected in the statement of financial position as mutual funds and corporate stock is \$1,934,160 and \$6,086, respectively.

Interpretation of Relevant Law:

The Board of Directors of UWSEL 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, UWSEL 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, UWSEL 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 UWSEL

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

15. ENDOWMENT ASSETS: (Continued)

Financial Summary:

The following summarizes the financial activity of the endowment assets of UWSEL A for the six months ended June 30, 2014:

Changes in UWSEL A Endowment Net Assets
For the Six Months Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2014	<u>\$ 1,274,162</u>	<u>\$ 299,979</u>	<u>\$ 3,841,509</u>	<u>\$ 5,415,650</u>
Investment return:				
Investment income	12,833	13,073	--	25,906
Net appreciation (realized and unrealized)	<u>88,388</u>	<u>80,114</u>	<u>156</u>	<u>168,658</u>
Total investment return	101,221	93,187	156	194,564
Contributions	--	--	11,217	11,217
Appropriation of endowment assets for grants	<u>(119,829)</u>	<u>(74,857)</u>	<u>--</u>	<u>(194,686)</u>
Endowment net assets, June 30, 2014	<u>\$ 1,255,554</u>	<u>\$ 318,309</u>	<u>\$ 3,852,882</u>	<u>\$ 5,426,745</u>

Endowment Net Asset Composition by Type of Fund
as of June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - restricted endowment funds	\$ 304,660	\$ 318,309	\$ 1,634,806	\$ 2,257,775
Board - designated endowment funds	<u>950,894</u>	<u>--</u>	<u>2,218,076</u>	<u>3,168,970</u>
Endowment net assets, June 30, 2014	<u>\$ 1,255,554</u>	<u>\$ 318,309</u>	<u>\$ 3,852,882</u>	<u>\$ 5,426,745</u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

15. ENDOWMENT ASSETS: (Continued)

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 UWSEL A to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. 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 Directors. At June 30, 2014, there were no such deficiencies.

Return Objectives and Risk Parameters:

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

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, UWSEL A 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). UWSEL A 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:

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

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

16. **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 \$279,939 at June 30, 2014.

17. **SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was December 10, 2014 and determined that no events occurred that required disclosure. Subsequent events occurring after December 10, 2014 have not been evaluated for inclusion in these financial statements.

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GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
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A.J. DUPLANTIER JR, C.P.A. (1919-1985)
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)
WILLIAM R. HOGAN, JR., CPA (1920-1996)
JAMES MAHER, JR, C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 10, 2014

Board of Directors
United Way of Southeast 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 the United Way of Southeast Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the six month period then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southeast Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeast Louisiana's internal control. Accordingly, we do not express an opinion of the effectiveness of the organization'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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Southeast Louisiana'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

UNITED WAY OF SOUTHEAST LOUISIANA
SCHEDULE OF FINDINGS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
* Control deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

B. FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

NONE

C. PRIOR YEAR FINDINGS

NONE