

REPORT

UNITED WAY OF SOUTHEAST LOUISIANA

DECEMBER 31, 2013

UNITED WAY OF SOUTHEAST LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

June 6, 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 (UWSELA), a nonprofit organization, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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 December 31, 2013, 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.

Report On Summarized Comparative Information

We have previously audited UWSELA's 2012 financial statements, and our report dated June 6, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for the purpose 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 June 6, 2014, 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 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.

Duplantier, Hrapmann, Hogan & Maher, LLP

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	2013			2012	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
ASSETS:					
Cash and cash equivalents (Note 1)	\$ 1,716,754	\$ 697,872	\$ -	\$ 2,414,626	\$ 2,109,373
Investments, at fair value: (Note 1)					
Certificates of Deposit (Note 2)	1,319,286	1,335,640	-	2,654,926	2,756,750
U.S. Government securities	10,010	-	-	10,010	10,009
Mutual funds (Notes 2 and 15)	-	299,979	1,619,926	1,919,905	1,686,958
Beneficial interest in assets held by others (Notes 2 and 15)	967,433	-	2,206,859	3,174,292	2,917,380
Investment in Common Endowment Fund of Greater New Orleans Foundation (Notes 2 and 15)	306,729	-	14,724	321,453	297,981
Total investments	<u>2,603,458</u>	<u>1,635,619</u>	<u>3,841,509</u>	<u>8,080,586</u>	<u>7,669,078</u>
Pledges receivable: (Note 11)					
Current campaign	665,123	1,337,847	-	2,002,970	2,976,180
Prior campaigns	2,064,860	61,750	-	2,126,610	2,970,518
Less: Allowance for uncollectible pledges (Note 3)	(888,669)	(127,239)	-	(1,015,908)	(1,174,494)
Pledges receivable, net	<u>1,841,314</u>	<u>1,272,358</u>	<u>-</u>	<u>3,113,672</u>	<u>4,772,204</u>
Other assets and prepaid expenses	<u>92,152</u>	<u>135,692</u>	<u>-</u>	<u>227,844</u>	<u>273,159</u>
Property and equipment: (Notes 1 and 4)					
Land	302,893	-	-	302,893	302,893
Automobile	34,539	-	-	34,539	52,090
Building	1,181,053	-	-	1,181,053	1,113,285
Furniture and equipment	785,611	-	-	785,611	781,485
Less: Accumulated depreciation	(1,554,041)	-	-	(1,554,041)	(1,472,439)
Property and equipment, net	<u>750,055</u>	<u>-</u>	<u>-</u>	<u>750,055</u>	<u>777,314</u>
TOTAL ASSETS	<u>\$ 7,003,733</u>	<u>\$ 3,741,541</u>	<u>\$ 3,841,509</u>	<u>\$ 14,586,783</u>	<u>\$ 15,601,128</u>
LIABILITIES AND NET ASSETS:					
Allocations and designations payable to member agencies	\$ 3,469,980	\$ 1,291,620	\$ -	\$ 4,761,600	\$ 5,395,547
Amounts held for others	36,966	-	-	36,966	39,211
Accounts payable and accrued expenses	349,296	75,508	-	424,804	973,129
Total liabilities	<u>3,856,242</u>	<u>1,367,128</u>	<u>-</u>	<u>5,223,370</u>	<u>6,407,887</u>
Net assets:					
Unrestricted (Note 7)	3,147,491	-	-	3,147,491	2,113,167
Temporarily restricted (Note 8)	-	2,374,413	-	2,374,413	3,282,836
Permanently restricted (Note 9)	-	-	3,841,509	3,841,509	3,797,238
Total net assets	<u>3,147,491</u>	<u>2,374,413</u>	<u>3,841,509</u>	<u>9,363,413</u>	<u>9,193,241</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,003,733</u>	<u>\$ 3,741,541</u>	<u>\$ 3,841,509</u>	<u>\$ 14,586,783</u>	<u>\$ 15,601,128</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	2013			2012	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:					
Public support (Note 1):					
Contributions	\$ 9,185,737	\$ 5,244,620	\$ 18,750	\$ 14,449,107	\$ 14,360,182
Less:					
Provision for uncollectible accounts	(1,065,923)	(110,174)	-	(1,176,097)	(706,643)
Donor designations	<u>(818,032)</u>	<u>(2,754,168)</u>	<u>-</u>	<u>(3,572,200)</u>	<u>(2,141,365)</u>
Total public support	7,301,782	2,380,278	18,750	9,700,810	11,512,174
Revenue:					
Investment income (loss) (Notes 1 and 2)	383,446	286,833	25,521	695,800	547,632
In-kind contributions (Note 1)	612,654	-	-	612,654	365,858
Grants, program and consulting fees	-	1,136,855	-	1,136,855	1,931,270
Special events, fundraisers and other income	732,380	-	-	732,380	388,102
Rental income (loss), net of expense	(207,935)	-	-	(207,935)	(194,707)
Net assets released from restrictions	<u>4,712,389</u>	<u>(4,712,389)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>13,534,716</u>	<u>(908,423)</u>	<u>44,271</u>	<u>12,670,564</u>	<u>14,550,329</u>
ALLOCATIONS AND EXPENSES:					
Allocations to agencies and other assistance provided (Note 1)	9,524,726	-	-	9,524,726	9,761,069
Less: Designations to agencies	<u>(3,572,200)</u>	<u>-</u>	<u>-</u>	<u>(3,572,200)</u>	<u>(2,141,365)</u>
Net allocations	5,952,526	-	-	5,952,526	7,619,704
National organization dues	120,180	-	-	120,180	140,074
Functional expenses (Note 1)	<u>6,427,686</u>	<u>-</u>	<u>-</u>	<u>6,427,686</u>	<u>6,173,162</u>
Total allocations and expenses	<u>12,500,392</u>	<u>-</u>	<u>-</u>	<u>12,500,392</u>	<u>13,932,940</u>
Change in net assets	1,034,324	(908,423)	44,271	170,172	617,389
NET ASSETS AT BEGINNING OF YEAR	<u>2,113,167</u>	<u>3,282,836</u>	<u>3,797,238</u>	<u>9,193,241</u>	<u>8,575,852</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,147,491</u>	<u>\$ 2,374,413</u>	<u>\$ 3,841,509</u>	<u>\$ 9,363,413</u>	<u>\$ 9,193,241</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	2013								
	PROGRAM SERVICES			SUPPORTING SERVICES					
	Fund Distribution and Outcomes	Grants and Other	Total Program Expenses	Fund Raising	Marketing and Communications	Management and General	Total Supporting Services Expenses	Total	2012 Total
Salaries	\$ 468,268	\$ 767,104	\$ 1,235,372	\$ 1,178,384	\$ 236,384	\$ 427,796	\$ 1,842,564	\$ 3,077,936	\$ 3,326,193
Employee benefits	98,267	141,986	240,253	257,406	51,065	78,686	387,157	627,410	629,949
Payroll taxes	37,040	57,510	94,550	96,519	18,867	31,370	146,756	241,306	247,946
Total salaries and related expenses	<u>603,575</u>	<u>966,600</u>	<u>1,570,175</u>	<u>1,532,309</u>	<u>306,316</u>	<u>537,852</u>	<u>2,376,477</u>	<u>3,946,652</u>	<u>4,204,088</u>
Professional fees	18,379	681,831	700,210	100,344	10,050	14,525	124,919	825,129	603,394
Supplies	10,774	20,973	31,747	46,444	4,616	5,780	56,840	88,587	55,802
Telephone	7,416	12,330	19,746	29,347	4,500	5,586	39,433	59,179	61,584
Postage and shipping	768	1,500	2,268	4,995	510	496	6,001	8,269	11,197
Occupancy	7,167	12,620	19,787	38,527	2,495	7,296	48,318	68,105	133,790
Equipment rental and maintenance	3,892	7,983	11,875	15,448	2,302	4,163	21,913	33,788	33,374
Printing, publications and advertising	6,093	54,992	61,085	130,090	1,761	3,358	135,209	196,294	159,883
In kind advertising	18,955	171,076	190,031	404,698	5,478	10,447	420,623	610,654	304,200
Local travel and report meetings	17,289	60,615	77,904	315,306	6,663	10,168	332,137	410,041	458,363
Training and out of town travel	6,922	10,248	17,170	20,803	2,065	2,942	25,810	42,980	18,356
Membership dues	1,428	2,257	3,685	5,229	580	1,049	6,858	10,543	10,474
Equipment purchases	3,929	7,070	10,999	7,398	613	1,816	9,827	20,826	9,498
Miscellaneous	740	3,435	4,175	5,327	391	728	6,446	10,621	12,162
Total expenses before depreciation	<u>707,327</u>	<u>2,013,530</u>	<u>2,720,857</u>	<u>2,656,265</u>	<u>348,340</u>	<u>606,206</u>	<u>3,610,811</u>	<u>6,331,668</u>	<u>6,076,165</u>
Depreciation	4,801	47,049	51,850	39,367	1,920	2,881	44,168	96,018	96,997
TOTAL FUNCTIONAL EXPENSES	<u>\$ 712,128</u>	<u>\$ 2,060,579</u>	<u>\$ 2,772,707</u>	<u>\$ 2,695,632</u>	<u>\$ 350,260</u>	<u>\$ 609,087</u>	<u>\$ 3,654,979</u>	<u>\$ 6,427,686</u>	<u>\$ 6,173,162</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF SOUTHEAST LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 170,172	\$ 617,389
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	96,018	96,997
Provision for uncollectible accounts	1,176,097	706,643
(Gain) Loss on deletion of assets	(3,589)	-
Realized and unrealized loss (gain) on investments	(583,366)	(387,381)
Changes in assets and liabilities:		
Pledges receivable, net	1,658,532	(333,163)
Prepaid expenses and other assets	45,315	226,127
Accounts payable and accrued liabilities	(548,325)	(779,673)
Amounts held for others	(2,245)	25,396
Allocations and designations payable	(633,947)	(1,060,289)
Net cash provided (used) by operating activities	<u>1,374,662</u>	<u>(887,954)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(77,535)	(14,285)
Proceeds from sale of property and equipment	3,000	-
Net (purchases) sale of investments	<u>(1,020,395)</u>	<u>1,526,155</u>
Net cash provided (used) by investing activities	<u>(1,094,930)</u>	<u>1,511,870</u>
Cash flows from financing activities:		
Proceeds from (payments on) line of credit	-	(400,041)
Proceeds from sale of investments restricted for investment in endowment	<u>25,521</u>	<u>18,333</u>
Net cash provided (used) by financing activities	<u>25,521</u>	<u>(381,708)</u>
Net change in cash and cash equivalents	305,253	242,208
Cash and cash equivalents at beginning of year	<u>2,109,373</u>	<u>1,867,165</u>
Cash and cash equivalents at end of year	<u>\$ 2,414,626</u>	<u>\$ 2,109,373</u>
Cash paid for:		
Interest	\$ <u>-</u>	\$ <u>6,163</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

ORGANIZATIONAL PURPOSE:

United Way of Southeast Louisiana (UWSELA) is a not-for-profit charitable organization serving residents of Jefferson, Orleans, Plaquemines, St. Bernard, St. Tammany, Tangipahoa and Washington parishes. 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 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.

UWSELA 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 UWSELA 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, UWSELA 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 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 temporarily restricted support. 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.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

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 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 \$610,654 and \$304,200 for advertising donated during the years ended December 31, 2013 and 2012, respectively.

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 years ended December 31, 2013 and 2012 was \$96,018 and \$96,997, respectively.

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.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Functional Expenses:

Expenses presented in the statement of functional expenses are allocated between program and supporting services. UWSELA 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, UWSELA'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:

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 December 31, 2013 and 2012, the 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 five 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.

2012 Financial Information:

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with UWSELA's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

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.

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

UWSELA carried investments at fair value totaling \$8,080,586 and \$7,669,078 at December 31, 2013 and 2012, respectively. The following is an analysis of investment income for the years ended December 31:

	2013			2012	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Investment income	\$ 43,437	\$ 43,476	\$ --	\$ 86,913	\$ 141,918
Net realized and unrealized gains (losses)	<u>340,009</u>	<u>243,357</u>	<u>25,521</u>	<u>608,887</u>	<u>405,714</u>
Total return on investments	<u>\$ 383,446</u>	<u>\$ 286,833</u>	<u>\$ 25,521</u>	<u>\$ 695,800</u>	<u>\$ 547,632</u>

Investment income shown above is net of investment fees of \$10,186 and \$9,422 for the years ended December 31, 2013 and 2012, respectively.

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 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.

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.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (Continued)

Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

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.

The following is a schedule of investments held by UWSELA at December 31, 2013 and 2012, including the fair value detailed by level of measurement.

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2013</u>				
INVESTMENTS:				
Certificates of deposit	\$ 2,654,926	\$ 2,654,926	\$ --	\$ --
U. S. Government Securities	10,010	10,010	--	--
Investments in Endowments:				
Mutual funds	1,919,905	1,919,905	--	--
Beneficial interest in assets held by others	3,174,292	1,333,202	1,523,661	317,429
Investment in common endowment fund of Greater New Orleans Foundation	<u>321,453</u>	<u>135,011</u>	<u>154,297</u>	<u>32,145</u>
Total	<u>\$ 8,080,586</u>	<u>\$ 6,053,054</u>	<u>\$ 1,677,958</u>	<u>\$ 349,574</u>
	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2012</u>				
INVESTMENTS:				
Certificates of deposit	\$ 2,756,750	\$ 2,756,750	\$ --	\$ --
U. S. Government Securities	10,009	10,009	--	--
Investments in Endowments:				
Mutual funds	1,686,958	1,686,958	--	--
Beneficial interest in assets held by others	2,917,380	962,735	1,575,386	379,259
Investment in common endowment fund of Greater New Orleans Foundation	<u>297,981</u>	<u>98,334</u>	<u>160,910</u>	<u>38,737</u>
Total	<u>\$ 7,669,078</u>	<u>\$ 5,514,786</u>	<u>\$ 1,736,296</u>	<u>\$ 417,996</u>

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (Continued)

The tables below set forth a summary of changes in the fair value of UWSELA's Level 3 assets for the year ended December 31, 2013.

	Beneficial Interest In Assets Held By Others	Investment in Common Endowment Fund of Greater New Orleans Foundation	Total
Balance - beginning of year	\$ 379,259	\$ 38,737	\$ 417,996
Net contributions/distributions	(95,651)	(10,115)	(105,766)
Investment return earned	<u>33,821</u>	<u>3,523</u>	<u>37,344</u>
Balance - end of year	<u>\$ 317,429</u>	<u>\$ 32,145</u>	<u>\$ 349,574</u>

3. ALLOWANCE FOR UNCOLLECTIBLE PLEDGES:

An analysis of the activity in the allowance for uncollectible pledges is as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Balance - beginning of year	\$ 1,174,494	\$ 1,206,200
Add (deduct):		
Provision for uncollectible pledges	1,176,097	706,643
Pledges canceled or written-off	<u>(1,334,683)</u>	<u>(738,349)</u>
Balance - end of year	<u>\$ 1,015,908</u>	<u>\$ 1,174,494</u>

4. PROPERTY AND EQUIPMENT:

An analysis of the activity for property and equipment, net of accumulated depreciation, is as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Balance - beginning of year	\$ 777,314	\$ 860,026
Additions	77,535	14,285
Disposals	(8,776)	--
Less: Depreciation expense	<u>(96,018)</u>	<u>(96,997)</u>
Balance - end of year	<u>\$ 750,055</u>	<u>\$ 777,314</u>

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

5. 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 campaign activity for the years ended December 31, 2013 and 2012 has been included in UWSELA's financial statements as agency transactions. The financial statements include the following amounts:

	<u>2013</u>	<u>2012</u>
STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 132,899	\$ 154,118
Pledges receivable	965,345	1,218,223
Less: Allowance for uncollectible pledges	<u>(138,549)</u>	<u>(133,862)</u>
Total assets	959,695	1,238,479
Allocations and other payables	<u>(959,695)</u>	<u>(1,238,479)</u>
NET ASSETS	\$ <u> --</u>	\$ <u> --</u>
	<u>2013</u>	<u>2012</u>
STATEMENT OF ACTIVITIES		
Contributions	\$ 884,136	\$ 1,332,354
Less: Provision for uncollectible accounts	(73,750)	(77,354)
Less: Payments to designated affiliates	<u>(537,823)</u>	<u>(981,659)</u>
	272,563	273,341
Less: Campaign administrative fees	<u>(272,563)</u>	<u>273,341)</u>
CHANGE IN NET ASSETS	\$ <u> --</u>	\$ <u> --</u>

6. 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 years ended December 31, 2013 and 2012, 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 December 31, 2013 and 2012, UWSELA contributed \$291,674 and \$303,113 to the Plan. Expenses associated with the administration of the Plan are deducted from non-vested assets forfeited by participants.

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

7. UNRESTRICTED NET ASSETS:

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 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 UWSELA, including the amounts designated by the Board of Trustees at December 31, 2013 and 2012, are summarized as follows:

	<u>2013</u>	<u>2012</u>
Board designated emergency reserve	\$ 839,768	\$ 36,702
Board appropriated building renovation and upkeep	299,963	309,890
Designated endowment funds	1,274,162	1,012,528
Land, building, equipment and automobiles	<u>733,598</u>	<u>754,047</u>
	<u>\$ 3,147,491</u>	<u>\$ 2,113,167</u>

8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Contributions receivable for current campaigns	\$ --	\$ 883,436
SB6/Seamless Transition/Parent Engagement	39,417	250,480
Rebuilding grants and other grants	164,002	21,449
Hospitality Cares	40,625	25,007
Individual Development Savings Accounts	1,219,270	1,019,822
Ratepayer Endowment funds	302,075	92,553
School to Career/Ready By 21/NOKP	19,914	--
Women's Leadership Council	93,346	176,298
Plaquemines-Rebuild and Maintenance Community Centers	<u>495,764</u>	<u>813,791</u>
	<u>\$ 2,374,413</u>	<u>\$ 3,282,836</u>

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

9. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets at December 31, 2013 and 2012, are restricted to investments in perpetuity, the income from which is expendable to support the purposes of the following:

	<u>2013</u>	<u>2012</u>
Common Endowment Funds:		
Charles E. Dunbar Fund	\$ 1,000	\$ 1,000
N.O.P.S.I. Endowment Fund (G.S. Dinwiddie)	3,724	3,724
Edith H. Beekman Fund	10,000	10,000
New Orleans Electric Ratepayers Fund	1,619,926	1,594,405
Beneficial interest in assets held by others	<u>2,206,859</u>	<u>2,188,109</u>
	<u>\$ 3,841,509</u>	<u>\$ 3,797,238</u>

The permanently restricted net assets all relate to endowment funds of UWSELA. See footnote 15 for descriptions of the endowment funds.

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. The amounts on deposit as of December 31, 2013 and 2012 exceeded the federally insured limit by \$69,494 and \$37,160, respectively.

Securities purchased under agreements to resell included in cash and cash equivalents, totaling \$1,733,508 and \$1,115,340 were fully collateralized by government agency securities at December 31, 2013 and 2012, 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. 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 the Southeast Louisiana.

Most pledged receivables are unsecured and are due within one year; hence, they are recorded at fair value without any discount factored. Pledged receivables due over a period of five years have been recorded at the present value of estimated future cash flows, using a discount rate of 6%. The following pledges receivable were outstanding at December 31, 2013 and 2012:

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

11. PLEDGES RECEIVABLE - PROMISES TO GIVE: (Continued)

	<u>2013</u>	<u>2012</u>
Pledges receivable in less than one year	\$ 4,129,580	\$ 5,893,698
Pledges receivable in one to five years	<u> --</u>	<u> 53,000</u>
Total	<u>\$ 4,129,580</u>	<u>\$ 5,946,698</u>

12. ADVERTISING:

UWSELA's policy is to expense all advertising fees as incurred. Advertising purchased was \$56,738 and \$34,653 for December 31, 2013 and 2012, respectively.

The expense recognized for in-kind advertising services donated was \$610,654 and \$304,200 for the years ended December 31, 2013 and 2012, respectively.

13. OPERATING LEASES:

UWSELA leases office space in Mandeville, Louisiana. The lease commenced in April 2012 and expires in March 2017. Rent expense for the years ended December 31, 2013 and December 31, 2012 was \$19,200 and \$21,395, respectively. The following is a schedule of future rental expense under the lease agreement at December 31, 2013:

<u>Year Ended December 31</u>	<u>Amount</u>
2014	\$ 19,200
2015	19,200
2016	19,200
2017	<u>4,800</u>
	<u>\$ 62,400</u>

14. OCCUPANCY

UWSELA leases space in the Norman Mayer Memorial Building to a nonprofit agency that is a member agency of UWSELA under a lease expiring in December 31, 2015. Rental income associated with the lease totaled \$147,459 and \$145,481 for 2013 and 2012, respectively. The building expenses related to the leases totaling \$355,394 and \$340,188 for 2013 and 2012, respectively, have been included in the statement of activities as a deduction of rental income. The future rental income under the lease agreement will be \$144,298 during 2014 and \$144,298 during 2015.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

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 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 unrestricted and is used to cover operating expenses. Contributions received and transferred to the endowment fund for 2013 and 2012 totaled \$18,750 and \$205,000, respectively. Investment income for 2013 and 2012, net of administrative expenses and grants totaled \$238,162 and \$184,433, respectively. The amount of the endowment reflected in the statement of financial position as beneficial interest in assets held by others is \$3,174,292 and \$2,917,380 at December 31, 2013 and 2012, respectively. The original and subsequent contributions to the endowment fund are considered to be permanently restricted because they are irrevocable gifts to a permanent endowment.

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 restricted. All income is unrestricted. There were no contributions to the endowment funds in 2013 and 2012. Investment income for 2013 and 2012, net of administrative expenses and grants, totaled \$23,472 and \$19,298, respectively. The amount of the endowments reflected in the statement of financial position as investment in common endowment fund is \$321,453 and \$297,981 at December 31, 2013 and 2012, 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 restricted. Investment income and unrealized gains and losses are temporarily restricted. There were no contributions to the endowment in 2013 and 2012. Investment income for 2013 and 2012, net of withdrawals, totaled \$232,947 and \$123,951, respectively. The amount of the endowment reflected in the statement of financial position as mutual funds is \$1,919,905 and \$1,686,958, respectively.

Interpretation of Relevant Law:

The Board of Directors 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

UNITED WAY OF SOUTHEAST LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

15. ENDOWMENT ASSETS: (Continued)

Interpretation of Relevant Law: (Continued)

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

Financial Summary:

The following summarizes the financial activity of the endowment assets of UWSELA for 2013 and 2012:

Changes in UWSELA Endowment Net Assets
 for the Year Ended December 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,012,528	\$ 92,553	\$ 3,797,238	\$ 4,902,319
Investment return:				
Investment income	32,493	35,648	--	68,141
Net appreciation (realized and unrealized)	<u>340,009</u>	<u>243,357</u>	<u>25,521</u>	<u>608,887</u>
Total investment return	372,502	279,005	25,521	677,028
Contributions	--	--	18,750	18,750
Appropriation of endowment assets for administrative expenses and grants	<u>(110,868)</u>	<u>(71,579)</u>	<u>--</u>	<u>(182,447)</u>
Endowment net assets, end of year	<u>\$ 1,274,162</u>	<u>\$ 299,979</u>	<u>\$ 3,841,509</u>	<u>\$ 5,415,650</u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

15. ENDOWMENT ASSETS: (Continued)Financial Summary: (Continued)

Endowment Net Asset Composition by Type of Fund
as of December 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 306,729	\$ 299,979	\$ 1,634,650	\$ 2,241,358
Board-designated endowment funds	<u>967,433</u>	--	<u>2,206,859</u>	<u>3,174,292</u>
Endowment net assets, end of year	<u>\$ 1,274,162</u>	<u>\$ 299,979</u>	<u>\$ 3,841,509</u>	<u>\$ 5,415,650</u>

Changes in UWSELA Endowment Net Assets
for the Year Ended December 31, 2012

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>777,400</u>	\$ --	\$ <u>3,573,905</u>	\$ <u>4,351,305</u>
Investment return:				
Investment income	72,600	35,855	--	108,455
Net appreciation (realized and unrealized)	<u>263,790</u>	<u>123,591</u>	<u>18,333</u>	<u>405,714</u>
Total investment return	336,390	159,446	18,333	514,169
Contributions	--	--	205,000	205,000
Appropriation of endowment assets for administrative expenses and grants	<u>(101,262)</u>	<u>(66,893)</u>	--	<u>(168,155)</u>
Endowment net assets, end of year	<u>\$ 1,012,528</u>	<u>\$ 92,553</u>	<u>\$ 3,797,238</u>	<u>\$ 4,902,319</u>

Endowment Net Asset Composition by Type of Fund
as of December 31, 2012

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 283,257	\$ 92,553	\$ 1,609,129	\$ 1,984,939
Board-designated endowment funds	<u>729,271</u>	--	<u>2,188,109</u>	<u>2,917,380</u>
Endowment net assets, end of year	<u>\$ 1,012,528</u>	<u>\$ 92,553</u>	<u>\$ 3,797,238</u>	<u>\$ 4,902,319</u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

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 UWSELA 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 December 31, 2013 and 2012, 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 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, 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.

16. LINE OF CREDIT:

During 2011, UWSELA obtained a \$1,000,000 unsecured line of credit from a local bank. The line of credit was due October 2012 and bore interest at a variable rate, which was 3.25% at December 31, 2011. The line of credit was paid in full during 2012.

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

17. 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 \$251,763 and \$286,129 at December 31, 2013 and 2012, respectively.

18. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was June 6, 2014 and determined that one event occurred that required disclosure. In March 2014, the Board approved a resolution to change its reporting year end date from December 31 to June 30. This change is effective for the six month period ending June 30, 2014. Subsequent events occurring after June 6, 2014 have not been evaluated for inclusion in these financial statements.

19. RECLASSIFICATION:

Certain amounts in 2012 have been reclassified to conform to the 2013 financial statement presentation. Net assets and changes in net assets were not affected by this reclassification.



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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*

June 6, 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 United Way of Southeast Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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 June 6, 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



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

June 6, 2014

Board of Directors
United Way of Southeast Louisiana

Report on Compliance for Each Major Federal Program

We have audited United Way of Southeast Louisiana's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of United Way of Southeast Louisiana's major federal programs for the year ended December 31, 2013. United Way of Southeast Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Southeast Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Southeast Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Southeast Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Southeast Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of United Way of Southeast Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Southeast Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Southeast Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report 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.

UNITED WAY OF SOUTHEAST LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Program Department / Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF THE TREASURY:</u>			
Funds received directly:			
Volunteer Income Tax Assistance Matching Grant Program	V12278	21.009	\$ <u>97,443</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>97,443</u>
 <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Funds passed through State of Louisiana:			
NonProfit Rebuilding Pilot Program	686738	14.228	5,238
Plaquemines Parish NonProfit Rebuilding Pilot Program	688456	14.228	1,401
Plaquemines Parish Housing Grant	699492	14.228	158,310
NonProfit Rebuilding Pilot Program	709128	14.228	<u>422,923</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>587,872</u>
TOTAL FEDERAL EXPENDITURES			\$ <u><u>685,315</u></u>

UNITED WAY OF SOUTHEAST LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of United Way of Southeast Louisiana and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when United Way of Southeast Louisiana has met the cost of reimbursement or funding qualifications for the respective grants.

UNITED WAY OF SOUTHEAST LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- * Material weakness(es) identified? yes no
- * Control deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- * Material weakness(es) identified? yes no
- * Control deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133: yes no

Identification of major program:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Community Development Block Grant Nonprofit Rebuilding Program	14.228	\$ <u>587,872</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

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

NONE

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

D. PRIOR YEAR FINDINGS

NONE