

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2020

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Association of United Ways, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of **LOUISIANA ASSOCIATION OF UNITED WAYS, INC. (LAUW)** (a non-profit organization) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 **LOUISIANA ASSOCIATION OF UNITED WAYS, INC.** as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 1 and 9 to the financial statements, LAUW has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 - Not-for-Profit Entities (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09). Our opinion is not modified with respect to this matter.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of LAUW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 LAUW's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
February 8, 2021

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT		
Cash	\$ 776,730	\$ 281,556
Receivables	637,157	29,767
Prepaid expense	<u>5,158</u>	<u>6,197</u>
Total current assets	1,419,045	317,520
EQUIPMENT, net	<u>734</u>	<u>36</u>
Total assets	<u>\$ 1,419,779</u>	<u>\$ 317,556</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 528,065	\$ 5,836
Amounts held for others	302,285	239,595
Deferred revenue - dues	<u>-</u>	<u>4,500</u>
Total liabilities	<u>830,350</u>	<u>249,931</u>
LONG-TERM LIABILITIES		
Note payable - Payroll Protection Plan	<u>35,100</u>	<u>-</u>
Total liabilities	<u>865,450</u>	<u>249,931</u>
NET ASSETS		
Without donor restrictions (See Note 6)	547,665	64,269
With donor restrictions - LA 211 State Checkbox	<u>6,664</u>	<u>3,356</u>
Total net assets	<u>554,329</u>	<u>67,625</u>
Total liabilities and net assets	<u>\$ 1,419,779</u>	<u>\$ 317,556</u>

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

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
REVENUE AND SUPPORT						
Program revenues:						
Contracts:						
LDH COVID fees	\$ 1,206,857	\$ -	\$ 1,206,857	\$ -	\$ -	\$ -
United Way LA 2-1-1 fees	691,907	-	691,907	841,318	-	841,318
Other fees	14,500	-	14,500	21,164	-	21,164
Grants and contributions	280,500	13,134	293,634	-	8,154	8,154
Association dues	116,984	-	116,984	139,176	-	139,176
LA SCCC PCFO fees	60,732	-	60,732	58,757	-	58,757
LA ALICE program	37,425	-	37,425	14,318	-	14,318
Other	519	-	519	594	-	594
Total revenue and support	2,409,424	13,134	2,422,558	1,075,327	8,154	1,083,481
Net assets released from restrictions	9,826	(9,826)	-	21,686	(21,686)	-
Total revenues and net assets released from restrictions	2,419,250	3,308	2,422,558	1,097,013	(13,532)	1,083,481
EXPENSES						
Program services	1,857,430	-	1,857,430	1,028,573	-	1,028,573
General and administrative	78,424	-	78,424	74,802	-	74,802
Total expenses	1,935,854	-	1,935,854	1,103,375	-	1,103,375
Change in net assets	483,396	3,308	486,704	(6,362)	(13,532)	(19,894)
NET ASSETS						
Beginning of year	64,269	3,356	67,625	70,631	16,888	87,519
End of year	\$ 547,665	\$ 6,664	\$ 554,329	\$ 64,269	\$ 3,356	\$ 67,625

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

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 486,704	\$ (19,894)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	75	432
Change in operating assets and liabilities:		
Accounts receivable	(607,390)	(11,400)
Prepaid expense	1,039	(1,570)
Accounts payable and accrued liabilities	522,229	(2,582)
Amounts held for others	62,690	61,241
Deferred revenue - dues	<u>(4,500)</u>	<u>4,500</u>
Net cash provided by operating activities	460,847	30,727
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(773)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>35,100</u>	<u>-</u>
Net increase in cash	495,174	30,727
CASH		
Beginning of year	<u>281,556</u>	<u>250,829</u>
End of year	<u>\$ 776,730</u>	<u>\$ 281,556</u>

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

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Function											Total
	Program Services											
	LA 211											
Capacity Building	State Checkoff	COVID19	Data Project	Pilot Project	Opioid Project	LA SCCC	ECE Advocacy	LA ALICE	Membership Services	General and Administrative		
Contract services	\$ 722,043	\$ 4,584	\$ 698,786	\$ -	\$ -	\$ 3,655	\$ 6,250	\$ -	\$ -	\$ -	\$ 14,400	\$ 1,449,718
Salaries, payroll taxes and benefits	53,500	-	51,278	-	-	-	46,333	-	13,000	10,300	36,248	210,659
Professional fees	-	65	-	42,500	10,475	21,450	584	-	53,350	1,500	11,250	141,174
Grants to affiliates	-	-	43,750	-	-	-	-	-	-	-	-	43,750
Technology services and software	23,008	2,267	13,850	-	-	9,000	2,806	-	957	-	2,460	54,348
Conferences, meetings and travel	2,749	-	850	-	-	-	966	1,171	1,092	236	4,565	11,629
Telecommunications	1,101	2,016	1,038	-	-	-	-	-	-	-	2,070	6,225
Printing	224	233	-	-	-	-	1,142	-	436	3,854	101	5,990
Insurance	-	-	-	-	-	-	906	-	-	-	4,147	5,053
Licenses and fees	1,180	-	-	-	-	-	-	-	-	-	1,001	2,181
Rent	-	-	-	-	-	-	1,026	-	-	-	568	1,594
Office supplies	-	-	-	-	-	-	394	-	-	-	997	1,391
Postage and shipping	35	-	-	-	-	-	954	-	25	-	66	1,080
Credit card and bank fees	-	-	-	-	-	-	346	-	-	-	21	367
Computers accessories	-	-	-	-	-	-	-	-	-	-	136	136
Depreciation	-	-	-	-	-	-	-	-	-	-	75	75
Other	-	-	-	-	-	-	-	-	165	-	319	484
	<u>\$ 803,840</u>	<u>\$ 9,165</u>	<u>\$ 809,552</u>	<u>\$ 42,500</u>	<u>\$ 10,475</u>	<u>\$ 34,105</u>	<u>\$ 61,707</u>	<u>\$ 1,171</u>	<u>\$ 69,025</u>	<u>\$ 15,890</u>	<u>\$ 78,424</u>	<u>\$ 1,935,854</u>

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

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Function										
	Program Services										
	LA 211										
	Capacity Building	State Checkoff	Data Project	Pilot Project	Opioid Project	LA SCCC	ECE Advocacy	LA ALICE	Membership Services	General and Administrative	Total
Contract services	\$ 640,740	\$ 3,611	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ 6,288	\$ -	\$ -	\$ 650,839
Salaries, payroll taxes and benefits	73,509	-	-	-	-	45,917	-	13,000	50,113	23,402	205,941
Professional fees	23,333	7,598	26,107	25,800	21,450	5,614	-	22,526	-	28,556	160,984
Technology services and software	17,380	6,714	128	285	-	2,324	-	1,497	-	3,131	31,459
Conferences, meetings and travel	2,702	-	-	-	-	1,198	1,733	3,192	5,146	8,729	22,700
Printing	-	355	-	-	-	1,059	647	8,419	922	519	11,921
Insurance	-	-	-	-	-	881	-	-	-	4,518	5,399
Telecommunications	-	2,556	-	-	-	-	-	-	-	2,280	4,836
Computers accessories	2,941	-	-	-	-	-	-	-	-	71	3,012
Office supplies	-	-	-	-	-	565	-	-	94	1,362	2,021
Rent	-	-	-	-	-	756	-	-	-	823	1,579
Postage and shipping	32	-	-	-	-	882	-	11	-	103	1,028
Depreciation	-	-	-	-	-	-	-	-	-	432	432
Credit card and bank fees	-	-	-	-	-	348	-	-	-	-	348
Licenses and fees	-	-	-	-	-	-	-	-	-	15	15
Other	-	-	-	-	-	-	-	-	-	861	861
	<u>\$ 760,637</u>	<u>\$ 20,834</u>	<u>\$ 26,235</u>	<u>\$ 26,285</u>	<u>\$ 21,450</u>	<u>\$ 59,544</u>	<u>\$ 2,380</u>	<u>\$ 54,933</u>	<u>\$ 56,275</u>	<u>\$ 74,802</u>	<u>\$ 1,103,375</u>

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

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Association of United Ways, Inc. (LAUW) is a not-for-profit membership organization composed of member United Way organizations throughout Louisiana. LAUW's mission is to integrate action and resources for the common good. LAUW's primary sources of revenue are assessments for membership services from regional United Ways, charges for services, fees assessed through LA 211 network contracts, and grants. LAUW also receives donations through the Louisiana State Tax Return Check-Off Box elections designated to LAUW/LA 211.

LAUW fosters and promotes opportunities to enhance the delivery of human services to citizens of Louisiana. Significant activities include the statewide coordination of LA 211 and the ALICE (Asset Limited, Income Constrained, Employed) Project for Louisiana programs and service as the Principal Combined Fundraising Organization (PCFO) for the Louisiana State Combined Charitable Campaign (SCCC).

Basis of Presentation

The financial statements of LAUW have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

New Accounting Pronouncement

During the year ended June 30, 2020, LAUW adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contract with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this update is that any entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

LAUW receives revenue through contracts for services provided. LAUW has determined that the funds received from these agreements are attributable to one performance obligation (execution of work contracts), and LAUW recognizes revenue when the performance obligation is satisfied (as the services are performed). As a result, the adoption of this standard did not change LAUW's methodology for revenue recognition for its current revenue streams.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, LAUW considers cash in bank accounts and money market funds to be cash. Cash equivalents include highly liquid investments with original maturities of three months or less. LAUW had cash of \$776,730 and \$281,556 on June 30, 2020 and 2019, respectively. There are no cash equivalents as of June 30, 2020 or 2019.

Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect, and are \$637,157 and \$29,767 at June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, management believes that all receivables are collectible. Accordingly, no allowance for uncollectible accounts has been recorded. There are no outstanding accounts receivables over 90 days as of June 30, 2020 or 2019.

Equipment

Equipment is recorded at cost with a capitalization threshold of \$500. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Maintenance, repairs and minor renewals are expensed as incurred.

Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, LAUW is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor-imposed restrictions.

Donations

Donations that are restricted by the donor are reported as an increase in net assets with donor restrictions. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred.

Income Taxes

LAUW is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. LAUW's open audit periods are 2017 through 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Functional Expenses

LAUW allocates its functional expenses between program services, and general and administrative expenses, primarily based on its estimate of time incurred for those efforts. Fundraising expenses were not incurred in 2020 and 2019.

Program services consists of expenses related to LA 211 network service programs, LA ALICE Project, disaster response and relief, State Combined Charitable Campaign (SCCC), advocacy, and specialized training for regional United Ways.

Subsequent Events

LAUW has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 8, 2021, which was the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASURES

The carrying value of accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these financial instruments. These financial instruments are not held for trading purposes.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

LAUW typically maintains cash and cash equivalents in local banks that may, at times, exceed FDIC insured limits. The uninsured amount as of June 30 is \$537,185. There were no uninsured amount as of June 30, 2019.

NOTE 4 - EQUIPMENT

Equipment and accumulated depreciation at June 30, 2020 and 2019, consist of equipment of \$2,934 and \$2,161, respectively, less accumulated depreciation of \$2,200 and \$2,125, respectively. The service life of equipment is five years. Depreciation expense was \$75 and \$432 for 2020 and 2019, respectively.

NOTE 5 - AMOUNTS HELD FOR OTHERS

Amounts held for others represent funding to administer a contract for LA 211 services on behalf of the United Way of Southwest Louisiana (UWSWLA), Capital Area United Way (CAUW), United Way of Acadiana (UWA), United Way of Central Louisiana (UWCL), and United Way of Northwest Louisiana (UWNWLA) for the period July 1st to June 30th of the subsequent fiscal year.

The contracts between LAUW and affiliated organizations mentioned above stipulated that contractual funds be used to for services related to the delivery of 211 services in the respective regions, inclusive of 211 contact center services, software, training and funds held for disaster surge.

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

LAUW's net assets without donor restrictions consist of assets that can be expended currently, but only for a specified purpose designated as governed by contract. Net assets without donor restrictions at June 30, 2020 and 2019 are designated for the following specified purposes:

	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Undesignated	\$ 31,783	\$ 374,167	\$ (156,778)	\$ 249,172
Designated for:				
LA 211 Opioid Project	21,950	120,000	(37,905)	104,045
Pilot Project	-	102,553	(12,553)	90,000
COVID Response Grants	-	100,000	(50,000)	50,000
LA 211 Kinship Project	-	62,500	(29,133)	33,367
COVID Response Contracts	-	788,770	(775,606)	13,164
LA ALICE Project	9,018	67,425	(69,526)	6,917
ECE Advocacy	-	10,000	(9,000)	1,000
UW LA 2-1-1 Contracts	-	691,908	(691,908)	-
LA 2-1-1 Barry Contract	-	42,102	(42,102)	-
Data Project	1,518	50,000	(51,518)	-
Total	<u>\$ 64,269</u>	<u>\$ 2,409,425</u>	<u>\$ (1,926,029)</u>	<u>\$ 547,665</u>

(Continued)

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

	June 30, 2018	Restated		June 30, 2019
		Increases	Decreases	
Undesignated	\$ 15,848	\$ 169,816	\$ (153,881)	\$ 31,783
Designated for:				
LA 211 Opioid Project	-	49,900	(27,950)	21,950
LA ALICE Project	50,133	14,318	(55,433)	9,018
Data Project	2,775	32,825	(34,082)	1,518
UW LA 2-1-1 Contracts	-	760,637	(760,637)	-
ECE Week	-	15,609	(15,609)	-
CDC Contract	1,875	500	(2,375)	-
Pilot Project	-	31,722	(31,722)	-
Total	<u>\$ 70,631</u>	<u>\$ 1,075,327</u>	<u>\$ (1,081,689)</u>	<u>\$ 64,269</u>

NOTE 7 - NOTE PAYABLE

On April 13, 2020, LAUW received loan proceeds in the amount of \$35,100 under the PPP. The PPP, established as a part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest may be forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the eight- or twenty-four-week period. At June 30, 2020, LAUW has a note payable balance of \$35,100 for the PPP.

Subsequent Event – forgiveness of note payable

On November 27, 2020, LAUW'S loan was forgiven in full as a result of LAUW meeting the required criteria for loan forgiveness as stated in the paragraph above. LAUW will recognize revenue of \$35,100 for the fiscal year ending June 30, 2021.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Grants

LAUW receives grants for specific purposes that are subject to review by the funding sources. Such reviews could lead to requests for reimbursement to the funding sources for expenses disallowed under terms of the agreement. It is the opinion of LAUW management that LAUW's compliance with the terms of the agreements will result in no disallowed costs.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The LAUW's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash	\$ 776,730	\$ 281,556
Receivables	637,157	29,767
Less: amounts held for others	(302,285)	(239,595)
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	<u>(6,664)</u>	<u>(3,356)</u>
Financial assets available for general expenditures within one year	<u>\$ 1,104,938</u>	<u>\$ 68,372</u>

As part of the LAUW's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LOUISIANA ASSOCIATION OF UNITED WAYS
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended June 30, 2020

Agency Head: Sarah Berthelot

No compensation paid from public funds.

Other Independent Auditors' Report

LOUISIANA ASSOCIATION OF UNITED WAYS, INC.
Baton Rouge, Louisiana

June 30, 2020

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

Board of Directors
Louisiana Association of United Ways, Inc.
Baton Rouge, 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 **LOUISIANA ASSOCIATION OF UNITED WAYS, INC. (LAUW)** (a non-profit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and related notes to the financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **LAUW's** internal control over financial reporting (internal control) to determine the 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 **LAUW's** internal control. Accordingly, we do not express an opinion on the effectiveness of **LAUW'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 **LAUW's** financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency and is reported as Item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LAUW's financial statements are free of 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*.

Management's Response to the Finding

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of Management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
February 8, 2021

LOUISIANA ASSOCIATION OF UNITED WAYS

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2020

1) Summary of Audit Results:

- a) The type of report issued on the basic financial statements: **Unmodified opinion.**
- b) Significant deficiencies in internal control disclosed by the audit of financial Statements: **2020-001.**

Material weaknesses: **None.**

- c) Noncompliance which is material to the basic financial statements: **None.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2020-001.**

3) Findings - Financial Statement Audit:

2020-001 Segregation of Duties

Criteria: Duties within the LAUW financial reporting process should be segregated between different individuals to ensure effective internal control over financial reporting.

Observation: There is not sufficient staff to achieve adequate segregation of duties to have effective internal control over financial reporting.

Recommendation: We recommend that LAUW continue the following current processes:

- Unopened monthly bank statements are sent directly to a member of the board,
- Monthly bank statements (including all cancelled checks) obtained via online are provided to the third party accountant,
- The board chairman and/or treasurer review and approve all disbursements made to the executive director,
- The board chairman and/or treasurer review the related bank reconciliations, and
- The board chairman and/or treasurer review LAUW's financial statements on a monthly basis. Furthermore, a listing of monthly cash disbursements and the general ledger details should be reviewed with the monthly financial statements.

We also recommend that LAUW management obtain the board chairman and/or treasurer approval for all disbursements.

Management's corrective action plan: Due to the size of staff of LAUW, the achievement of adequate segregation of duties is desirable to management but is cost prohibitive. Management will continue to develop their segregation of duties policies with limited personnel.

LOUISIANA ASSOCIATION OF UNITED WAYS
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2020

There were no findings in the prior year.