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**UNITED WAY OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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Postlethwaite & Netterville

A Professional Accounting Corporation

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**UNITED WAY OF SOUTHEAST LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the United Way of Southeast Louisiana (UWSELA), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWSELA as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

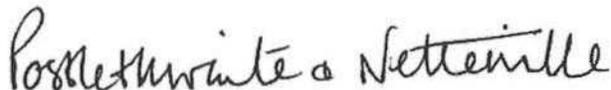
Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management 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 November 1, 2017, 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.

***Report on Summarized Comparative Information***

We have previously audited UWSELA's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana  
November 1, 2017

**UNITED WAY OF SOUTHEAST LOUISIANA**  
**Statement of Financial Position**  
**June 30, 2017 with Summarized Comparative Totals for 2016**

	2017				Summarized 2016
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,331,331	\$ 2,369,693	\$ -	\$ 3,701,024	\$ 1,411,176
Investments, at fair value:					
Certificates of deposit	4,902,334	1,045,000	-	5,947,334	5,385,881
U.S. government securities	10,029	-	-	10,029	10,013
Mutual funds	-	271,186	1,679,673	1,950,859	1,796,911
Beneficial interest in assets held by others	949,009	-	2,218,076	3,167,085	3,042,245
Investment in common endowment fund of Greater New Orleans Foundation	304,878	-	14,724	319,602	306,755
Total investments	<u>6,166,250</u>	<u>1,316,186</u>	<u>3,912,473</u>	<u>11,394,909</u>	<u>10,541,805</u>
Pledge receivables, net	5,357,726	47,511	-	5,405,237	5,271,721
Legal settlement receivable	1,007,500	-	-	1,007,500	-
Other assets and prepaid expenses	113,892	104,755	-	218,647	144,327
Property, plant, and equipment:					
Land	302,893	-	-	302,893	302,893
Automobile	52,230	-	-	52,230	34,539
Building	1,218,245	-	-	1,218,245	1,218,245
Furniture and equipment	397,144	-	-	397,144	407,859
Less: accumulated depreciation	(1,318,033)	-	-	(1,318,033)	(1,295,623)
Total property, plant, and equipment	<u>652,479</u>	<u>-</u>	<u>-</u>	<u>652,479</u>	<u>667,913</u>
Total assets	<u>\$ 14,629,178</u>	<u>\$ 3,838,145</u>	<u>\$ 3,912,473</u>	<u>\$ 22,379,796</u>	<u>\$ 18,036,942</u>
<b>LIABILITIES AND NET ASSETS</b>					
Allocations payable	\$ 2,995,814	\$ 95,000	\$ -	\$ 3,090,814	\$ 2,984,415
Designations payable	2,287,056	-	-	2,287,056	2,384,320
Accounts payable and accrued expenses	482,398	48,050	-	530,448	482,501
Program payable	-	188,104	-	188,104	282,000
Total liabilities	<u>5,765,268</u>	<u>331,154</u>	<u>-</u>	<u>6,096,422</u>	<u>6,133,236</u>
Net assets:					
Unrestricted	8,863,910	-	-	8,863,910	5,976,135
Temporarily restricted	-	3,506,991	-	3,506,991	2,024,054
Permanently restricted	-	-	3,912,473	3,912,473	3,903,517
Total net assets	<u>8,863,910</u>	<u>3,506,991</u>	<u>3,912,473</u>	<u>16,283,374</u>	<u>11,903,706</u>
Total liabilities and net assets	<u>\$ 14,629,178</u>	<u>\$ 3,838,145</u>	<u>\$ 3,912,473</u>	<u>\$ 22,379,796</u>	<u>\$ 18,036,942</u>

The accompanying notes are an integral part of this financial statement

**UNITED WAY OF SOUTHEAST LOUISIANA**  
**Statement of Activities**  
For the Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

	2017				Summarized 2016
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>					
Public Support:					
Contributions	\$ 13,891,620	\$ 326,224	\$ -	\$ 14,217,844	\$ 14,612,668
Less:					
Provision for uncollectible accounts	(644,549)	-	-	(644,549)	(769,486)
Donor designations	(2,956,311)	(25,281)	-	(2,981,592)	(3,974,099)
Total public support	10,290,760	300,943	-	10,591,703	9,869,083
Revenue:					
Investment income, net	320,217	236,480	8,956	565,653	(12,128)
In-kind contributions	1,057,912	1,405,250	-	2,463,162	807,625
Grants, program, and consulting fees	40,758	1,440,377	-	1,481,135	1,781,714
Special events, fundraisers, and other income, net of expense	99,880	-	-	99,880	178,427
Service fee income	494,965	-	-	494,965	373,979
Rental income (loss), net of expense	(188,057)	-	-	(188,057)	(173,038)
Other income	1,917,738	328	-	1,918,066	4,274
Loss on disposal of property and equipment	(7,704)	-	-	(7,704)	-
Net assets released from restrictions	1,900,441	(1,900,441)	-	-	-
Total public support and revenue	15,926,910	1,482,937	8,956	17,418,803	12,829,936
<b>FUNCTIONAL EXPENSES</b>					
Allocations to agencies and other assistance provided	9,775,536	-	-	9,775,536	10,591,825
Less: designations to agencies	(2,981,592)	-	-	(2,981,592)	(3,974,099)
Net allocations	6,793,944	-	-	6,793,944	6,617,726
United Way Worldwide dues	149,829	-	-	149,829	132,053
Depreciation expense	65,645	-	-	65,645	77,413
Other functional expenses	6,029,717	-	-	6,029,717	5,679,698
Total functional expenses	13,039,135	-	-	13,039,135	12,506,890
Change in net assets	2,887,775	1,482,937	8,956	4,379,668	323,046
Net assets at beginning of year	5,976,135	2,024,054	3,903,517	11,903,706	11,580,660
Net assets at end of year	\$ 8,863,910	\$ 3,506,991	\$ 3,912,473	\$ 16,283,374	\$ 11,903,706

The accompanying notes are an integral part of this financial statement

**UNITED WAY OF SOUTHEAST LOUISIANA**  
**Statement of Functional Expenses**  
For the Year Ended June 30, 2017 with Summarized Comparative Totals for 2016

	2017								
	PROGRAM SERVICES			SUPPORTING SERVICES					Summarized 2016 Total
	Community Impact & Grant Distribution	Grants and Other	Total Program Expenses	Fund Raising	Marketing and Public Relations	Management and General	Total Supporting Services Expenses	Total	
Allocations/designations and assistance to others	\$ 9,775,536	\$ -	\$ 9,775,536	\$ -	\$ -	\$ -	\$ -	\$ 9,775,536	\$ 10,591,825
Less: donor designations	(2,981,592)	-	(2,981,592)	-	-	-	-	(2,981,592)	(3,974,099)
Net allocations	<u>6,793,944</u>	<u>-</u>	<u>6,793,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,793,944</u>	<u>6,617,726</u>
Salaries	391,263	771,946	1,163,209	1,107,794	262,104	406,900	1,776,798	2,940,007	2,887,425
Employee benefits	77,677	116,388	194,065	229,774	50,119	79,714	359,607	553,672	523,892
Payroll taxes	28,098	43,185	71,283	76,225	18,864	25,763	120,852	192,135	197,852
Total salaries and related expenses	<u>497,038</u>	<u>931,519</u>	<u>1,428,557</u>	<u>1,413,793</u>	<u>331,087</u>	<u>512,377</u>	<u>2,257,257</u>	<u>3,685,814</u>	<u>3,609,169</u>
Professional fees	20,490	160,069	180,559	188,870	18,271	37,321	244,462	425,021	499,771
Supplies	9,969	31,684	41,653	30,773	10,894	5,613	47,280	88,933	85,943
Telephone and internet	6,341	10,481	16,822	26,793	4,300	5,731	36,824	53,646	50,905
Postage and shipping	660	1,891	2,551	8,076	401	588	9,065	11,616	13,532
Occupancy	4,973	12,222	17,195	40,195	4,192	5,754	50,141	67,336	65,232
Equipment rental and maintenance	7,252	7,307	14,559	16,868	3,057	4,573	24,498	39,057	35,675
Printing, publications, and advertising	1,566	90,521	92,087	119,023	7,735	1,006	127,764	219,851	180,337
In kind advertising	-	145,442	145,442	912,470	-	-	912,470	1,057,912	807,625
Local travel and report meetings	23,138	111,950	135,088	86,427	10,653	11,967	109,047	244,135	233,516
Training and out of town travel	10,643	35,884	46,527	31,484	6,713	5,818	44,015	90,542	52,676
Membership dues	967	2,770	3,737	5,726	949	858	7,533	11,270	12,084
Equipment purchases	1,767	13,527	15,294	5,942	1,730	1,172	8,844	24,138	23,347
Miscellaneous	733	1,644	2,377	6,749	529	791	8,069	10,446	9,886
Total other expenses before national organization dues and depreciation	<u>585,537</u>	<u>1,556,911</u>	<u>2,142,448</u>	<u>2,893,189</u>	<u>400,511</u>	<u>593,569</u>	<u>3,887,269</u>	<u>6,029,717</u>	<u>5,679,698</u>
National organization dues	-	-	-	-	-	149,829	149,829	149,829	132,053
Depreciation	<u>6,375</u>	<u>16,950</u>	<u>23,325</u>	<u>31,498</u>	<u>4,360</u>	<u>6,462</u>	<u>42,320</u>	<u>65,645</u>	<u>77,413</u>
Total other functional expenses	<u>591,912</u>	<u>1,573,861</u>	<u>2,165,773</u>	<u>2,924,687</u>	<u>404,871</u>	<u>749,860</u>	<u>4,079,418</u>	<u>6,245,191</u>	<u>5,889,164</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 7,385,856</u>	<u>\$ 1,573,861</u>	<u>\$ 8,959,717</u>	<u>\$ 2,924,687</u>	<u>\$ 404,871</u>	<u>\$ 749,860</u>	<u>\$ 4,079,418</u>	<u>\$ 13,039,135</u>	<u>\$ 12,506,890</u>

The accompanying notes are an integral part of this financial statement

**UNITED WAY OF SOUTHEAST LOUISIANA**  
**Statement of Cash Flows**  
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 4,379,668	\$ 323,046
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	65,645	77,413
Loss on disposal of property and equipment	7,704	-
Provision for uncollectible accounts	644,529	769,486
Net realized and unrealized gain on investments	483,663	(79,611)
Changes in assets and liabilities:		
Pledges receivable, net	(778,045)	(860,416)
Legal settlement receivable	(1,007,500)	-
Other assets and prepaid expenses	(74,320)	19,438
Allocations and designations payable	9,135	(292,115)
Accounts payable and accrued liabilities	47,947	(35,568)
Program payable	(93,896)	4,000
Net cash provided by (used in) operating activities	3,684,530	(74,327)
Cash flows from investing activities:		
Purchases of property and equipment	(57,915)	(73,936)
Net purchases of investments	(1,336,767)	(1,007,499)
Net cash used in investing activities	(1,394,682)	(1,081,435)
Net change in cash and cash equivalents	2,289,848	(1,155,762)
Cash and cash equivalents - Beginning of year	1,411,176	2,566,938
Cash and cash equivalents - End of year	\$ 3,701,024	\$ 1,411,176

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**1. Summary of Significant Accounting Policies**

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

**Organization**

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

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

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation follows the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, Presentation of Financial Statements/or 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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWSELA's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**Public Support and Revenue**

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

**Public Support and Revenue (continued)**

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

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 \$1,057,912 and \$807,625 for advertising donated during the years ended June 30, 2017 and 2016, respectively. Also included in revenue and allocations to agencies and other assistance is \$1,405,250 for general supplies contributions donated during the year ended June 30, 2017 for local flood relief efforts.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value (based on quoted market prices) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in 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.

**Allocations/Grants**

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

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

**Income Taxes**

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

FASB ASC 740 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. As of June 30, 2017 and 2016, UWSELA has determined that it does not have any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns generally remain subject to examination by the taxing authorities for three years.

**Statement of Cash Flows**

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

**Use of Estimates**

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

**Accounting Change**

In May 2015, FASB issued Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) effective for fiscal years beginning after December 15, 2015. Under the ASU, a reporting entity is permitted, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. UWSELA adopted ASU 2015-07 during the fiscal year ended June 30, 2017. In accordance with the ASU, previously reported amounts have been reclassified to the current presentation. The adoption of ASU 2015-03 resulted in no change to UWSELA'S net assets.

**Accounting Pronouncements Issued But Not Yet Adopted**

FASB has issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This standard is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted.

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

UWSELA is currently assessing the impact of these pronouncements on its financial statements.

**2. Investments and Fair Value Measurements**

UWSELA carried investments at fair value totaling \$11,394,909 and \$10,541,805 at June 30, 2017 and 2016, respectively. The following is an analysis of investment income for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investments income	\$ 44,165	\$ 37,825	\$ -	\$ 81,990
Net realized and unrealized gains	<u>276,052</u>	<u>198,655</u>	<u>8,956</u>	<u>483,663</u>
Total return on investments	<u>\$ 320,217</u>	<u>\$ 236,480</u>	<u>\$ 8,956</u>	<u>\$ 565,653</u>

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

The following is an analysis of investment income for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	\$ 27,766	\$ 39,717	\$ -	\$ 67,483
Net realized and unrealized gains (losses)	<u>(21,040)</u>	<u>(82,953)</u>	<u>24,382</u>	<u>(79,611)</u>
Total return on investments	<u>\$ 6,726</u>	<u>\$ (43,236)</u>	<u>\$ 24,382</u>	<u>\$ (12,128)</u>

Investment income shown above is net of investment fees of \$10,384 for the year ended June 30, 2016.

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.

Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used during the years ended June 30, 2017 and 2016.

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

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

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

The following is a schedule of investments held by UWSELA at June 30, 2017, including the fair value detailed by level of measurement. Investments that are measured by using Net Asset Value (NAV) per share as a practical expedient are also identified below, but have not been categorized in the fair value hierarchy in accordance with ASU 2015-07. These amounts are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments:</b>				
Certificates of deposit	\$ 5,947,334	\$ 5,947,334	\$ -	\$ -
U.S. Government Securities	10,029	10,029	-	-
<b>Investments in Endowments:</b>				
Mutual Funds	1,950,859	1,950,859	-	-
Beneficial interest in assets held by others	1,167,704	1,135,400	32,304	-
Investment in common endowment fund of Greater New Orleans Foundation	117,837	114,577	3,260	-
Subtotal	<u>9,193,763</u>	<u>\$ 9,158,199</u>	<u>\$ 35,564</u>	<u>\$ -</u>
<b>Investments measured at NAV:</b>				
Investments in common endowment fund of Greater New Orleans Foundation	201,765			
Beneficial interest in assets held by others	<u>1,999,381</u>			
<b>Total Investments</b>	<u>\$ 11,394,909</u>			

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

The following is a schedule of investments held by UWSELA at June 30, 2016, 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>
Investments:				
Certificates of deposit	\$ 5,385,881	\$ 5,385,881	\$ -	\$ -
U.S. Government Securities	10,013	10,013	-	-
Investments in Endowments:				
Mutual Funds	1,796,911	1,796,911	-	-
Beneficial interest in assets held by others	1,121,676	1,090,645	31,031	-
Investment in common endowment fund of Greater New Orleans Foundation	113,101	109,972	3,129	-
Subtotal	<u>8,427,582</u>	<u>\$ 8,393,422</u>	<u>\$ 34,160</u>	<u>\$ -</u>
Investments measured at NAV:				
Investments in common endowment fund of Greater New Orleans Foundation	193,654			
Beneficial interest in assets held by others	<u>1,920,569</u>			
Total Investments	<u>\$ 10,541,805</u>			

The investments that are measured at fair value using NAV per share as a practical expedient, as presented above, have no fixed redemption frequency or notice periods, and no unfunded commitments as of June 30, 2017 and 2016.

**3. Allowance for Uncollectible Pledges**

An analysis of activity in the allowance for uncollectible pledges is as follows for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance – beginning of year	\$ 851,865	\$ 1,281,121
Add (deduct):		
Provision for uncollectible pledges	644,529	769,486
Cancellations and removal of excess shrinkage	<u>(832,384)</u>	<u>(1,198,742)</u>
Balance - end of year	<u>\$ 664,010</u>	<u>\$ 851,865</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

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

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

Pledges receivable are unsecured and are due within one year; hence, they are recorded at fair value with no discount recorded, as collection is expected within 12 months. Pledges receivable in the amount of \$6,069,247 and \$6,123,586 were outstanding at June 30, 2017 and 2016, respectively. Pledges receivable at June 30, 2017 included:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current campaign	\$ 5,988,643	\$ 47,511	\$ -	\$ 6,036,154
Prior campaigns	33,093	-	-	33,093
Less: allowance for uncollectible pledges	<u>(664,010)</u>	<u>-</u>	<u>-</u>	<u>(664,010)</u>
Pledges receivable, net	<u>\$ 5,357,726</u>	<u>\$ 47,511</u>	<u>\$ -</u>	<u>\$ 5,405,237</u>

Pledges receivable at June 30, 2016 included:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current campaign	\$ 6,009,754	\$ 22,819	\$ -	\$ 6,032,573
Prior campaigns	91,013	-	-	91,013
Less: allowance for uncollectible pledges	<u>(851,865)</u>	<u>-</u>	<u>-</u>	<u>(851,865)</u>
Pledges receivable, net	<u>\$ 5,248,902</u>	<u>\$ 22,819</u>	<u>\$ -</u>	<u>\$ 5,271,721</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**5. Property and Equipment**

Activity in property and equipment for the years ended June 30, 2017 and 2016 includes:

	<u>2017</u>	<u>2016</u>
Balance – beginning of year	\$ 667,913	\$ 671,390
Additions	64,414	73,936
Disposals	(14,203)	-
Depreciation expense	<u>(65,645)</u>	<u>(77,413)</u>
Balance – end of year	<u>\$ 652,479</u>	<u>\$ 667,913</u>

**6. Agency Transactions**

UWSELA was awarded the contract to administer the Combined Federal Campaign for the Greater New Orleans Area (the Campaign), under which it conducts on-the-job solicitation of federal civilian and uniformed service personnel who are located in the greater New Orleans area for contributions to various federations. The following activity for the year ended June 30, 2017 and 2016 has been included in UWSELA's financial statements as agency transactions.

	<u>2017</u>	<u>2016</u>
Statement of Financial Position		
Cash and cash equivalents	\$ 396,117	\$ 272,120
Pledges receivable	698,237	485,436
Less: Allowance for uncollectible pledges	(82,887)	(83,580)
Prepaid expense	809	-
Total assets	<u>1,012,276</u>	<u>673,976</u>
Allocations and other payables	(743,939)	(482,324)
Due to UWSELA	<u>(268,337)</u>	<u>(191,652)</u>
Net Assets	<u>\$ -</u>	<u>\$ -</u>
Statement of Activities		
Contributions	\$ 1,255,866	\$ 928,669
Less: Payments to designated affiliates	<u>(1,255,866)</u>	<u>(928,669)</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>

**7. Retirement Plans**

UWSELA has a Safe Harbor 401(k) Plan for all employees. UWSELA makes a discretionary contribution to the Plan each December for eligible employees. For the year ended June 30, 2017, the discretionary contribution was 7% of eligible earnings, but the Board of Trustees retains authority to change the contribution amount annually. In addition to the discretionary contribution, UWSELA matches 100% of the first 3% of employee salary deferrals and 50% of the next 2%. The maximum match is 4%. For the years ended June 30, 2017 and 2016, UWSELA contributed \$248,767 and \$210,393, respectively, 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**

**June 30, 2017**

**8. 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 June 30, 2017 and 2016, are summarized as follows:

	<u>2017</u>	<u>2016</u>
Board designated operating reserve	\$ 4,688,207	\$ 2,417,093
Board designated donor advised funds	1,303,422	907,893
Beneficial interest held by others (board designated)	949,009	824,169
Land, building, equipment, and automobiles	616,748	667,913
Working capital	418,206	395,435
Board designated building renovation and upkeep	338,851	298,840
Board designated endowment funds	304,878	292,031
Board net assets to be determined	62,500	92,500
Financial stability (Prosperity Center)	60,770	-
Subsequent revenue for operating budget	51,260	17,854
Board designated Pay it Forward fund	38,156	38,156
Undistributed fall 2016 and fall 2017 campaign	17,940	10,085
Board designated impact grant fund	8,677	8,485
2017-2018 special event revenue	2,750	-
Board designated rebuilding initiative	2,032	2,063
Board designated United Response fund	504	3,618
	<u>\$ 8,863,910</u>	<u>\$ 5,976,135</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**9. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
IDA Program	\$ 977,414	\$ 793,155
Flood relief efforts	975,719	59,125
Financial stability (Prosperity Center)	328,468	-
Financial assistance fund	292,467	306,493
Ratepayer endowment funds	274,472	126,275
Undistributed fall 2016 and fall 2017 campaign	263,945	214,045
Women United Fund	128,919	228,397
Hospitality cares	79,455	79,455
Club Connect & Early Grade Reading	66,152	59,240
SB6/Seamless transition/parent engagement	43,263	47,072
Alice report	30,272	44,519
Tornado relief efforts	20,826	100
Rebuilding initiative	16,796	21,372
School to career/Ready by 21	7,162	9,030
Project sponsors	1,661	5,084
Common core grant	-	30,692
	<u>\$ 3,506,991</u>	<u>\$ 2,024,054</u>

**10. Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2017 and 2016 are restricted to investments in perpetuity, the income from which is expendable to support the purposes of the following:

	<u>2017</u>	<u>2016</u>
Beneficial interest in assets held by others	\$ 2,218,076	\$ 2,218,076
Ratepayers endowment	1,679,673	1,670,717
Endowment funds at GNOF	14,724	14,724
	<u>\$ 3,912,473</u>	<u>\$ 3,903,517</u>

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**11. Concentration of Credit Risk**

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

Securities purchased under agreements to resell included in cash and cash equivalents, totaling \$3,196,941 and \$1,044,014 were fully collateralized by government agency securities at June 30, 2017 and 2016, 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.

**12. Advertising**

UWSELA's policy is to expense all advertising fees as incurred. Advertising purchased was \$84,627 and \$60,756 for the years ended June 30, 2017 and 2016, respectively.

**13. Operating Leases**

UWSELA leases office space in Covington, Louisiana. The lease commenced in April 2017 and expires in March 2018. Rent expense for the years ended June 30, 2017 and 2016 was \$20,333 and \$18,000, respectively. The following is a schedule of future rental expense under the lease agreement.

<u>Year Ended June 30</u>	<u>Amount</u>
2018	\$ <u>16,667</u>

**14. Occupancy**

UWSELA leases space in the Norman Mayer Memorial Building to nonprofit agencies that support our work. We have one tenant whose lease expires on December 31, 2017, a second tenant whose lease expired on January 31, 2017, and a third tenant whose lease began on July 1, 2017 and expires on June 30, 2019. Rental income associated with these leases totaled \$145,453 and \$146,277 for the years ended June 30, 2017 and 2016, respectively. Building expenses related to the leases totaled \$336,352 and \$361,574 for the years ended June 30, 2017 and 2016, respectively. 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 agreements.

<u>Year Ended June 30</u>	
2018	\$ <u>72,149</u>
	\$ <u>72,149</u>

**15. Endowment Assets**

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**15. Endowment Assets (continued)**

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. There were no contributions to the endowment fund for the years ended June 30, 2017 and 2016. Investment income for the years ended June 30, 2017 and 2016, net of administrative expenses and grants, totaled \$124,840 and \$(143,604), respectively. The amount of the endowment reflected in the statement of financial position as beneficial interest in assets held by others is \$3,167,085 and \$3,042,245 at June 30, 2017 and 2016, 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 for the years ended June 30, 2017 and 2016. Investment income for the years ended June 30, 2017 and 2016, net of administrative expenses and grants, totaled \$12,846 and \$(14,261), respectively. The amount of endowments reflected in the statement of financial position as investment in common endowment fund is \$319,602 and \$306,755 at June 30, 2017 and 2016, 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 for the years ended June 30, 2017 and 2016. Investment income (loss) for the years ended June 30, 2017 and 2016, net of withdrawals, totaled \$157,152 and \$(106,686), respectively. As of June 30, 2017 and 2016, the amount of endowments reflected in the statement of financial position as mutual funds is \$1,950,859 and \$1,796,911, respectively.

**Interpretation of Relevant Law**

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

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

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**15. Endowment Assets (continued)**

**Financial Summary**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 1, 2016	\$ 1,116,200	\$ 126,275	\$ 3,903,517	\$ 5,145,992
Investment return:				
Investment income	13,194	33,475	-	46,669
Net appreciation (realized and unrealized)	<u>262,858</u>	<u>198,655</u>	<u>8,956</u>	<u>470,469</u>
Total investment return	276,052	232,130	8,956	517,138
Contributions	-	-	-	-
Appropriation of endowment assets for grants	<u>(138,365)</u>	<u>(83,933)</u>	<u>-</u>	<u>(222,298)</u>
Endowment net assets, June 30, 2017	<u>\$ 1,253,887</u>	<u>\$ 274,472</u>	<u>\$ 3,912,473</u>	<u>\$ 5,440,832</u>

The following summarizes the financial activity of the endowment assets of UWSELA for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 1,274,066	\$ 257,343	\$ 3,879,135	\$ 5,410,544
Investment return:				
Investment income	20,462	35,424	-	55,886
Net appreciation (realized and unrealized)	<u>(41,501)</u>	<u>(82,953)</u>	<u>24,382</u>	<u>(100,072)</u>
Total investment return	(21,039)	(47,529)	24,382	(44,186)
Contributions	-	-	-	-
Appropriation of endowment assets for grants	<u>(136,827)</u>	<u>(83,539)</u>	<u>-</u>	<u>(220,366)</u>
Endowment net assets, June 30, 2016	<u>\$ 1,116,200</u>	<u>\$ 126,275</u>	<u>\$ 3,903,517</u>	<u>\$ 5,145,992</u>

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**15. Endowment Assets (continued)**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - restricted endowment funds	\$ -	\$ 274,472	\$ 1,694,397	\$ 1,968,869
Permanently board - designated endowment funds	-	-	2,218,076	2,218,076
Board - designated endowment funds	<u>1,253,887</u>	<u>-</u>	<u>-</u>	<u>1,253,887</u>
June 30, 2017	<u>\$ 1,253,887</u>	<u>\$ 274,472</u>	<u>\$ 3,912,473</u>	<u>\$ 5,440,832</u>

**Endowment Net Asset Composition by Type of Fund as of June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - restricted endowment funds	\$ -	\$ 126,194	\$ 1,685,441	\$ 1,811,635
Permanently board - designated endowment funds	-	-	2,218,076	2,218,076
Board - designated endowment funds	<u>1,116,200</u>	<u>-</u>	<u>-</u>	<u>1,116,200</u>
June 30, 2016	<u>\$ 1,116,200</u>	<u>\$ 126,194</u>	<u>\$ 3,903,517</u>	<u>\$ 5,145,911</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires UWSELA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in 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 Trustees. At June 30, 2017 and 2016, there were no such deficiencies.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**15. Endowment Assets (continued)**

**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 Trustees, 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**

UWSELA has a line of credit with a financial institution in the amount of \$1,000,000 with a variable interest rate based on the published "Money Rates" in the Wall Street Journal. The line of credit matures on January 25, 2018. At June 30, 2017, there was no outstanding balance.

**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 \$242,400 and \$232,125 at June 30, 2017 and 2016, respectively.

**18. Gain on Settlement**

During 2017, UWSELA settled a claim filed with the Deepwater Horizon Court-Supervised Settlement Program for \$2,600,000. In 2017 UWSELA recorded a gain on settlement of \$1,913,563 which included a cash payment of \$971,063, of which \$65,000 was recorded as campaign revenue for a corporate pledge, and a receivable for the remaining balance of \$1,007,500 to be received in May 2018. The 2017 gross payment of \$1,300,000 was net of \$292,500 attorney fees, and \$37,437 of other cost. A related party, Chairman of the Board, represented UWSELA in these settlement negotiations.

**UNITED WAY OF SOUTHEAST LOUISIANA**

**Notes to Financial Statements**

**June 30, 2017**

**19. Related Parties**

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

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

**20. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was November 1, 2017 and determined that no events occurred that required disclosure. Subsequent events occurring after this date have not been evaluated for inclusion in these financial statements.

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

**For the Year Ended June 30, 2017**

Agency Head: Michael Williamson, President/CEO

*Not applicable. Public funds not used for agency head compensation, benefits, and other payments during the fiscal year ended June 30, 2017.*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Southeast Louisiana (a nonprofit organization) (UWSELA) which comprise the statement of financial position as of June 30, 2017, 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 November 1, 2017.

**Internal Control over Financial Reporting**

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWSELA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and 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.

Postlethwaite & Netterville

Metairie, Louisiana  
November 1, 2017



The Board of Trustees  
United Way of Southeast Louisiana  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of United Way of Southeast Louisiana as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, we considered United Way of Southeast Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We have not identified any current year control observations which require written communication; however, an update on the prior year recommendation is attached.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Postlethwaite &amp; Netterville'. The signature is written in a cursive, flowing style.

Metairie, Louisiana  
November 1, 2017

**UNITED WAY OF SOUTHEAST LOUISIANA  
 JUNE 30, 2017  
 PRIOR YEAR COMMENTS AND MANAGEMENT'S RESPONSE**

<b>Comment</b>	<b>Summary / Recommendation</b>	<b>Status per Discussion with Management as of 6/30/2017</b>
<p>Campaign Contributions with Designation to be Determined</p>	<p>We recommend that the Organization obtain donor designation at the time the donor makes the pledge or no later than the end of the calendar year of the payment. The donor should be informed that the risk of not doing so could impact the donor's ability to utilize a tax deduction in the calendar year of the payment, in accordance with IRS regulations.</p>	<p>UWSELA has made it a policy and trained staff to obtain donor designation at the time the donor makes the pledge and no later than the calendar year of the payment. Two donors currently have designations to be determined and management is monitoring them to ensure that designations are received at the time of payment.</p>