
UNITED WAY OF SOUTHEAST LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020

UNITED WAY OF SOUTHEAST LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

A Professional Accounting Corporation

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, 2020, 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 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 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 15 to the financial statements, UWSELA may be impacted by disruptions in the economy and business operations associated with the coronavirus (COVID-19) pandemic. UWSELA expects this matter may negatively impact its changes in net assets and cash flows. Our opinion is not modified with respect to this matter.

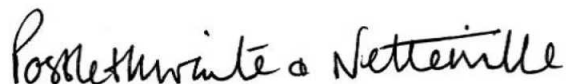
Other Matters

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on page 23 is required by Louisiana state law and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of UWSELA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UWSELA's 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.



Metairie, Louisiana
October 30, 2020

UNITED WAY OF SOUTHEAST LOUISIANA

Statement of Financial Position

June 30, 2020

with Summarized Comparative Totals for 2019

| | 2020 | | | Summarized |
|--|-------------------------------|----------------------------|----------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,433,156 | \$ 1,158,198 | \$ 3,591,354 | \$ 2,370,266 |
| Investments, at fair value: | | | | |
| Certificates of deposit | 1,158,532 | 1,161,468 | 2,320,000 | 251,741 |
| U.S. Treasury securities | 2,329,938 | 1,109,064 | 3,439,002 | 6,876,120 |
| Mutual funds | - | 1,361,386 | 1,361,386 | 1,421,654 |
| Beneficial interest in assets held by others (legally restricted) | 3,219,398 | - | 3,219,398 | 3,307,645 |
| Investment in common endowment fund of Greater New Orleans Foundation | 311,057 | 14,724 | 325,781 | 334,367 |
| Total investments | <u>7,018,925</u> | <u>3,646,642</u> | <u>10,665,567</u> | <u>12,191,527</u> |
| Pledge receivables, net | 3,951,595 | 5,441 | 3,957,036 | 4,303,997 |
| Other assets and prepaid expenses | 107,553 | 184,070 | 291,623 | 309,643 |
| Right of use asset | 22,413 | - | 22,413 | 32,317 |
| Property, plant, and equipment: | | | | |
| Land | 302,893 | - | 302,893 | 302,893 |
| Automobile | 52,230 | - | 52,230 | 52,230 |
| Building | 1,389,058 | - | 1,389,058 | 1,389,058 |
| Furniture and equipment | 329,937 | - | 329,937 | 323,076 |
| Less: accumulated depreciation | (1,439,042) | - | (1,439,042) | (1,352,689) |
| Total property, plant, and equipment | <u>635,076</u> | <u>-</u> | <u>635,076</u> | <u>714,568</u> |
| Total assets | <u>\$ 14,168,718</u> | <u>\$ 4,994,351</u> | <u>\$ 19,163,069</u> | <u>\$ 19,922,318</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Allocations payable | \$ 2,453,271 | \$ 145,000 | \$ 2,598,271 | \$ 3,317,649 |
| Designations payable | 1,532,146 | - | 1,532,146 | 1,366,132 |
| Deferred revenue | - | 174,933 | 174,933 | 62,160 |
| Accounts payable and accrued expenses | 533,100 | 155,341 | 688,441 | 555,604 |
| Program payable | - | 321,750 | 321,750 | 335,458 |
| Lease liability | 22,413 | - | 22,413 | 32,317 |
| Total liabilities | <u>4,540,930</u> | <u>797,024</u> | <u>5,337,954</u> | <u>5,669,320</u> |
| Net assets: | | | | |
| Without donor restrictions | 9,627,788 | - | 9,627,788 | 10,234,959 |
| With donor restrictions | - | 4,197,327 | 4,197,327 | 4,018,039 |
| Total net assets | <u>9,627,788</u> | <u>4,197,327</u> | <u>13,825,115</u> | <u>14,252,998</u> |
| Total liabilities and net assets | <u>\$ 14,168,718</u> | <u>\$ 4,994,351</u> | <u>\$ 19,163,069</u> | <u>\$ 19,922,318</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, 2020

with Summarized Comparative Totals for 2019

| | 2020 | | | Summarized |
|--|-------------------------------|----------------------------|---------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2019 Total |
| SUPPORT AND REVENUE | | | | |
| Public Support: | | | | |
| Contributions | \$ 12,755,219 | \$ 1,103,299 | \$ 13,858,518 | \$ 9,637,070 |
| Less: | | | | |
| Provision for uncollectible accounts | (676,977) | - | (676,977) | (382,251) |
| Donor designations | (1,873,217) | (21,461) | (1,894,678) | (1,745,388) |
| Total public support | 10,205,025 | 1,081,838 | 11,286,863 | 7,509,431 |
| Revenue: | | | | |
| Investment income, net | 149,722 | 59,265 | 208,987 | 391,622 |
| In-kind contributions | 360,998 | 5,098 | 366,096 | 471,051 |
| Grants, program, and consulting fees | 37,891 | 455,292 | 493,183 | 948,194 |
| Service fee income | 77,214 | - | 77,214 | 84,242 |
| Special events | 146,577 | - | 146,577 | 123,038 |
| Rental income | 34,085 | - | 34,085 | 190,119 |
| Other income | 13,679 | 1,000 | 14,679 | 31,812 |
| Payroll Protection Program income | 598,700 | - | 598,700 | - |
| Net assets released from restrictions | 1,423,205 | (1,423,205) | - | - |
| Total public support and revenue | 13,047,096 | 179,288 | 13,226,384 | 9,749,509 |
| FUNCTIONAL EXPENSES | | | | |
| Allocations to agencies and other assistance provided | 9,127,673 | - | 9,127,673 | 6,407,815 |
| Less: designations to agencies | (1,894,678) | - | (1,894,678) | (1,745,388) |
| Net allocations | 7,232,995 | - | 7,232,995 | 4,662,427 |
| United Way Worldwide dues | 108,406 | - | 108,406 | 124,274 |
| Depreciation expense | 87,365 | - | 87,365 | 82,560 |
| Other functional expenses | 6,225,501 | - | 6,225,501 | 6,363,509 |
| Total functional expenses | 13,654,267 | - | 13,654,267 | 11,232,770 |
| Change in net assets | (607,171) | 179,288 | (427,883) | (1,483,261) |
| Net assets at beginning of year | 10,234,959 | 4,018,039 | 14,252,998 | 15,736,259 |
| Net assets at end of year | \$ 9,627,788 | \$ 4,197,327 | \$ 13,825,115 | \$ 14,252,998 |

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, 2020
with Summarized Comparative Totals for 2019

| | 2020 | | | | | | | | |
|---|---|------------------------|------------------------------|---------------------|--------------------------------------|------------------------------|---|----------------------|----------------------|
| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | | | | |
| | Community Impact and 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 | \$ 9,127,673 | \$ - | \$ 9,127,673 | \$ - | \$ - | \$ - | \$ - | \$ 9,127,673 | \$ 6,407,815 |
| Less: donor designations | (1,894,678) | - | (1,894,678) | - | - | - | - | (1,894,678) | (1,745,388) |
| Net allocations | <u>7,232,995</u> | <u>-</u> | <u>7,232,995</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,232,995</u> | <u>4,662,427</u> |
| Salaries | 448,193 | 1,390,256 | 1,838,449 | 959,445 | 328,281 | 355,322 | 1,643,048 | 3,481,497 | 3,393,970 |
| Employee benefits | 79,786 | 255,270 | 335,056 | 194,959 | 69,925 | 67,881 | 332,765 | 667,821 | 628,802 |
| Payroll taxes | 31,656 | 92,307 | 123,963 | 62,464 | 21,590 | 20,232 | 104,286 | 228,249 | 234,210 |
| Total salaries and related expenses | <u>559,635</u> | <u>1,737,833</u> | <u>2,297,468</u> | <u>1,216,868</u> | <u>419,796</u> | <u>443,435</u> | <u>2,080,099</u> | <u>4,377,567</u> | <u>4,256,982</u> |
| Professional fees | 30,664 | 409,632 | 440,296 | 85,463 | 10,426 | 43,134 | 139,023 | 579,319 | 456,380 |
| Supplies | 7,470 | 47,057 | 54,527 | 18,682 | 7,452 | 2,092 | 28,226 | 82,753 | 66,650 |
| Telephone and internet | 7,508 | 18,259 | 25,767 | 21,715 | 6,087 | 4,609 | 32,411 | 58,178 | 57,228 |
| Postage and shipping | 426 | 3,953 | 4,379 | 5,563 | 326 | 379 | 6,268 | 10,647 | 9,345 |
| Occupancy | 23,305 | 73,934 | 97,239 | 72,527 | 18,226 | 21,365 | 112,118 | 209,357 | 249,932 |
| Equipment rental and maintenance | 11,716 | 24,338 | 36,054 | 21,436 | 5,878 | 6,890 | 34,204 | 70,258 | 69,329 |
| Printing, publications, and advertising | 1,156 | 71,280 | 72,436 | 149,996 | 3,881 | 404 | 154,281 | 226,717 | 314,066 |
| Local travel and report meetings | 9,222 | 56,958 | 66,180 | 82,309 | 3,664 | 3,278 | 89,251 | 155,431 | 274,533 |
| Training and out of town travel | 8,880 | 23,500 | 32,380 | 15,696 | 3,900 | 3,232 | 22,828 | 55,208 | 104,243 |
| Membership dues | 4,799 | 8,835 | 13,634 | 4,705 | 1,226 | 974 | 6,905 | 20,539 | 17,142 |
| Equipment purchases | 87 | 5,731 | 5,818 | 1,735 | 909 | 80 | 2,724 | 8,542 | 10,485 |
| In-kind expenses | 331 | 121,202 | 121,533 | 244,001 | 259 | 303 | 244,563 | 366,096 | 471,051 |
| Miscellaneous | 576 | 1,853 | 2,429 | 1,493 | 445 | 522 | 2,460 | 4,889 | 6,143 |
| Total other expenses before national organization dues and depreciation | <u>665,775</u> | <u>2,604,365</u> | <u>3,270,140</u> | <u>1,942,189</u> | <u>482,475</u> | <u>530,697</u> | <u>2,955,361</u> | <u>6,225,501</u> | <u>6,363,509</u> |
| National organization dues | - | - | - | - | - | 108,406 | 108,406 | 108,406 | 124,274 |
| Depreciation | 9,343 | 36,548 | 45,891 | 27,256 | 6,771 | 7,447 | 41,474 | 87,365 | 82,560 |
| Total other functional expenses | <u>675,118</u> | <u>2,640,913</u> | <u>3,316,031</u> | <u>1,969,445</u> | <u>489,246</u> | <u>646,550</u> | <u>3,105,241</u> | <u>6,421,272</u> | <u>6,570,343</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 7,908,113</u> | <u>\$ 2,640,913</u> | <u>\$ 10,549,026</u> | <u>\$ 1,969,445</u> | <u>\$ 489,246</u> | <u>\$ 646,550</u> | <u>\$ 3,105,241</u> | <u>\$ 13,654,267</u> | <u>\$ 11,232,770</u> |

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

UNITED WAY OF SOUTHEAST LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2020
with Comparative Totals for 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (427,883) | \$ (1,483,261) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 87,365 | 82,560 |
| Amortization of right of use asset | 9,904 | 9,866 |
| Provision for uncollectible accounts | 676,977 | 382,251 |
| Discount on pledges receivable | (16,473) | (1,150) |
| Net realized and unrealized gain on investments | (208,987) | (208,470) |
| Changes in assets and liabilities: | | |
| Pledges receivable | (313,543) | (79,485) |
| Other assets and prepaid expenses | 18,020 | (86,791) |
| Allocations and designations payable | (553,364) | 67,560 |
| Deferred revenue | 112,773 | 62,160 |
| Accounts payable and accrued liabilities | 132,837 | (38,757) |
| Program payable | (13,708) | 41,354 |
| Lease liability | (9,904) | (9,866) |
| Net cash used in operating activities | <u>(505,986)</u> | <u>(1,262,029)</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (7,873) | (128,243) |
| Net sales (purchases) of investments | 1,734,947 | 2,304,110 |
| Net cash provided by investing activities | <u>1,727,074</u> | <u>2,175,867</u> |
| Net change in cash and cash equivalents | 1,221,088 | 913,838 |
| Cash and cash equivalents - Beginning of year | <u>2,370,266</u> | <u>1,456,428</u> |
| Cash and cash equivalents - End of year | <u>\$ 3,591,354</u> | <u>\$ 2,370,266</u> |

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

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

1. Organization

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

In 2020, United Way of Southeast Louisiana (UWSELA) transitioned to COVID-19 response and raised approximately \$4,020,000 and spent approximately \$3,829,000 between March 1, 2020 to June 30, 2020. UWSELA was able to respond to the suffering in real time and provide vital services for those who found themselves in crisis – many for the first time.

Due to the generosity of our supporters, UWSELA was able to quickly pivot and provide much-needed relief to vulnerable individuals and organizations. This included: nearly \$2.4 million in emergency crisis grants to 4,800+ hospitality workers across 1,000 hospitality workplaces; launching United for Early Care and Education to support 41 Early Care and Education Centers; \$1.3 million in funding to local nonprofits/programs to address the disproportionate impacts of COVID-19 on Black communities; more than \$67,000 in funding to support United for Grocery Workers Fund which provides one-time Entergy bill assistance to grocery store workers living in Orleans Parish; and through a partnership with J. M. Smucker Company and Folgers UWSELA provided over \$60,000 to fund 2,500+ meals to local EMS workers.

UWSELA believes that in times of crisis, it’s not just about providing emergency financial assistance but also about ensuring households and community partners have equitable access to the full scope of supports necessary to achieve stability, and, ultimately, prosperity.

2. Summary of Significant Accounting Policies

A summary of United Way of Southeast Louisiana's (UWSELA) significant 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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

Financial statement presentation follows the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, UWSELA is required to report information regarding its financial position and activities according to two classes of net assets:

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWSELA. These net assets may be used at the discretion of the UWSELA's management and the Board of Trustees (Board).

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWSELA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

The financial statements include certain prior year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with UWSELA's financial statements for the year ended June 30, 2019, 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 recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Allowances are provided for amounts estimated to be uncollectible. The allowance for uncollectible pledges is maintained at a level which the Board considers adequate based on prior collection experience and current economic conditions. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Pledges outstanding that are designated for future periods are reported as with donor restrictions.

For programs, consulting fees, and exchange-type grants and contracts, revenue is recognized when earned. Program fees and payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

2. 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 public support in UWSELA's financial statements but are then subtracted from public support and the related expense. UWSELA honors all designations.

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, these services were not reflected in the accompanying financial statement of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

Included in revenue and functional expenses is \$366,099 and \$471,051 donated during the years ended June 30, 2020 and 2019, respectively. During 2020, \$159,324 was related to food, beverage, and space for fundraising events, and \$206,775 was related to advertising. During 2019, \$116,047 was related to food, beverage, and space for fundraising events, and \$355,004 was related to advertising.

Investments

Investments are recorded at cost when purchased, or if donated, at fair value at the date of donation. Thereafter, investments are reported at their fair value in the statement of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income are recognized.

See Note 4 for discussion of fair value measurements.

Property and Equipment

Purchased 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 fund raising 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, 2020

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

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

Program services consist of grant distribution, grant monitoring, and grant outcomes. "Grants and Other" expenses include Individual Development Account (IDA), Volunteer Income Tax Assistance, Earned Income Tax Credit programs, Success by Six, Rebuilding Grants & Assistance related to floods and tornadoes, volunteerism, public policy, Financial Stability/Prosperity Center, Grade Level Reading, Louisiana Prisoner Re Entry, SNAP ENT, Covid-19 Pandemic Relief and Equity Initiative.

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, 2020, 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, and which are not held for investing purposes.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Liquidity and Availability of Resources

UWSELA has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board has approved a reserve policy that requires four months of annual grants and four months of operating expenses be maintained. Spending of this reserve balance requires Board approval. Excess cash is invested in a ladder from three months to two years which can include certificates of deposit and/or United States treasury bills and notes depending on market conditions, as well as utilizing a repurchase agreement and a federated money market account. UWSELA cash flows have seasonal variations during the year attributable to the annual campaign and when payments are received from donors on pledges. To manage liquidity, UWSELA maintains a line of credit of \$1,000,000, which it could draw upon (see Note 12).

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

3. Liquidity and Availability of Resources (continued)

UWSELA's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,591,354 | \$ 2,370,266 |
| Investments | 5,885,388 | 8,549,515 |
| Pledge receivables, net | 3,577,191 | 3,731,125 |
| Other receivables | 202,745 | 212,514 |
| Total financial assets available within one year | <u>13,256,678</u> | <u>14,863,420</u> |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions | <u>(3,944,813)</u> | <u>(4,003,315)</u> |
| Total amounts unavailable for general expenditures within one year | <u>(3,944,813)</u> | <u>(4,003,315)</u> |
| Total amounts unavailable to management without Board approval: | | |
| Board designated for building renovation | (361,500) | (310,528) |
| Board designated reserves | (3,677,902) | (4,285,830) |
| Board designated for donor advised funds | (69,849) | (144,349) |
| Board designated Pay it Forward fund | - | (38,156) |
| Total amount unavailable to management without Board's approval | <u>(4,109,251)</u> | <u>(4,778,863)</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 5,202,614</u> | <u>\$ 6,081,242</u> |

4. Investments and Fair Value Measurements

Investment income on the statement of activities is presented net of external investment fees of \$20,097 and \$14,142 for the years ended June 30, 2020 and 2019, 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 in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

4. Investments and Fair Value Measurements (continued)

A three-tier hierarchy categorizes the inputs as follows:

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

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

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

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability. Below is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used during the years ended June 30, 2020 and 2019.

Brokered certificates of deposit are short term and are valued at fair value, which is reflective of cost plus accrued interest.

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

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

The following is a schedule of investments held by UWSELA at June 30, 2020, including the fair value detailed by level of measurement.

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

4. Investments and Fair Value Measurements (continued)

The following is a schedule of investments held by UWSELA at June 30, 2020, including the fair value detailed by level of measurement.

| | Total <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|----------------------------|---------------------|-------------------|--------------------|
| Investments: | | | | |
| Certificates of deposit | \$ 2,320,000 | \$ 2,320,000 | \$ - | \$ - |
| U.S. Treasury securities | 3,439,002 | 3,439,002 | - | - |
| Investments in endowments: | | | | |
| Mutual funds | 1,361,386 | 1,361,386 | - | - |
| Beneficial interest in assets held by others | 3,219,398 | - | | 3,219,398 |
| Investment in common endowment fund of Greater New Orleans Foundation | <u>325,781</u> | <u>-</u> | <u>325,781</u> | <u>-</u> |
| | <u>\$10,665,567</u> | <u>\$ 7,120,388</u> | <u>\$ 325,781</u> | <u>\$3,219,398</u> |

The following is a schedule of investments held by UWSELA at June 30, 2019, including the fair value detailed by level of measurement.

| | Total <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|----------------------------|---------------------|-------------------|--------------------|
| Investments: | | | | |
| Certificates of deposit | \$ 251,741 | \$ 251,741 | \$ - | \$ - |
| U.S. Treasury securities | 6,876,120 | 6,876,120 | - | - |
| Investments in endowments: | | | | |
| Mutual funds | 1,421,654 | 1,421,654 | - | - |
| Beneficial interest in assets held by others | 3,307,645 | - | - | 3,307,645 |
| Investment in common endowment fund of Greater New Orleans Foundation | <u>334,367</u> | <u>-</u> | <u>334,367</u> | <u>-</u> |
| Total | <u>\$12,191,527</u> | <u>\$ 8,549,515</u> | <u>\$ 334,367</u> | <u>\$3,307,645</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

5. Allowance for Uncollectible Pledges

An analysis of activity in the allowance for uncollectible pledges is as follows for the years ended June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Balance – beginning of year | \$ 590,309 | \$ 523,820 |
| Add (deduct): | | |
| Provision for uncollectible pledges | 676,977 | 382,251 |
| Cancellations and removal of excess shrinkage | <u>(280,133)</u> | <u>(315,762)</u> |
| Balance - end of year | <u>\$ 987,153</u> | <u>\$ 590,309</u> |

6. Pledges Receivable – Promises to Give

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

Pledges receivable due within one year are recorded at fair value with no discount recorded, as collection is expected within 12 months. UWSELA has two long-term pledges, with expected collection dates in future years. As such, a discount to net present value has been recorded on these pledges. A pledge receivable from one donor accounts for approximately 15% and 17% of pledges receivable, net, at June 30, 2020 and 2019, respectively.

Pledges receivable at June 30, 2020 included:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Current campaign | \$ 4,262,841 | \$ 5,441 | \$ 4,268,282 |
| Prior campaigns | 736,561 | - | 736,561 |
| Less: discount to net present value at 4.25% | (60,654) | - | (60,654) |
| Less: allowance for uncollectible pledges | <u>(987,153)</u> | <u>-</u> | <u>(987,153)</u> |
| Pledges receivable, net | <u>\$ 3,951,595</u> | <u>\$ 5,441</u> | <u>\$ 3,957,036</u> |

Estimated to be collected as follows:

| | |
|----------------------|---------------------|
| Within one year | \$ 3,577,191 |
| In one to five years | <u>379,845</u> |
| | <u>\$ 3,957,036</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

6. Pledges Receivable – Promises to Give (continued)

Pledges receivable at June 30, 2019 included:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Current campaign | \$ 4,111,400 | \$ 6,250 | \$ 4,117,650 |
| Prior campaigns | 853,784 | - | 853,784 |
| Less: discount to net present value at 4.25% | (77,128) | - | (77,128) |
| Less: allowance for uncollectible pledges | <u>(590,309)</u> | <u>-</u> | <u>(590,309)</u> |
| Pledges receivable, net | <u>\$ 4,297,747</u> | <u>\$ 6,250</u> | <u>\$ 4,303,997</u> |

Estimated to be collected as follows:

| | |
|----------------------|---------------------|
| Within one year | \$ 3,731,124 |
| In one to five years | <u>572,873</u> |
| | <u>\$ 4,303,997</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, 2020, the discretionary contribution was 7% of eligible earnings, but the Board retains authority to change the contribution amount annually. Beginning July 1, 2020, the Board changed the discretionary contribution from 7% to 3.5%. 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, 2020 and 2019, UWSELA contributed \$303,848 and \$260,024, 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, 2020

8. Net Assets Without Donor Restriction

UWSELA's Board has historically designated as board designated endowments certain contributions received without donor stipulations and the investment returns related to such contributions. Amounts so designated are included in net assets without donor restrictions in the statement of financial position in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*. The net assets without donor restriction of UWSELA, including the amounts designated by the Board at June 30, 2020 and 2019, are summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|----------------------|
| Board designated operating reserve | \$ 3,677,902 | \$ 4,285,830 |
| Beneficial interest held by others (board designated) | 3,219,398 | 3,307,645 |
| Land, building, equipment and automobiles | 615,672 | 689,377 |
| Financial stability (Prosperity Center) | 582,566 | 403,148 |
| Board designated building renovation and upkeep | 361,500 | 310,528 |
| Board designated endowment funds | 311,057 | 319,643 |
| Working capital | 284,806 | 211,059 |
| Subsequent revenue for operating budget | 238,496 | 82,997 |
| Louisiana prisoner re-entry initiative | 171,129 | 217,238 |
| SB6/Collaborative Support/Grade-Level Reading | 83,840 | 75,000 |
| Donor advised funds | 69,849 | 144,349 |
| Board designated impact grant fund | 8,194 | 8,194 |
| 2019-2020 & 2018-2019 Special Event Revenue | 3,368 | 11,769 |
| Undistributed Fall 2020 and 2019 Campaign | 11 | 32,723 |
| Board designated Pay it Forward fund | - | 38,156 |
| Equity initiative | - | 16,326 |
| SNAP ENT Program | - | 80,977 |
| | <u>\$ 9,627,788</u> | <u>\$ 10,234,959</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

9. **Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| <u>Donor restricted</u> | | |
| Ratepayer endowment funds | \$ 1,968,094 | \$ 2,017,486 |
| Financial Stability (Prosperity Center) | 681,161 | 320,823 |
| Covid-19 Pandemic Relief | 628,666 | - |
| IDA Program | 275,090 | 479,396 |
| Undistributed Fall 2020 and 2019 Campaign | 241,082 | 222,977 |
| SB6/Collaborative Support/Grade-Level Reading | 198,677 | 284,595 |
| Women United fund | 42,670 | 104,373 |
| Loyola Nancy Marsiglia Institute | 30,350 | 11,100 |
| Stemfest Northshore | 30,000 | 30,000 |
| Club Connect | 26,666 | 30,919 |
| Hurricane Barry Relief | 25,000 | - |
| Flood relief efforts | 24,945 | 396,967 |
| Endowment funds at Greater New Orleans Foundation | 14,724 | 14,724 |
| Louisiana prisoner re-entry initiative | 5,025 | 40,107 |
| Make Change NOLA | 3,729 | 2,685 |
| United for SELA Fund - Government Shutdown | 718 | 6,130 |
| School to career/Ready By 21 | 678 | 4,350 |
| UWW Pepsi Grant | 52 | - |
| Alice report | - | 2,402 |
| Rebuilding initiative | - | 38,923 |
| Tornado relief efforts | - | 10,082 |
| | <u>\$ 4,197,327</u> | <u>\$ 4,018,039</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

10. Concentration of Credit Risk

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

Securities purchased under agreements to resell included in cash and cash equivalents, totaling \$3,505,637 and \$1,779,539 were fully collateralized by U.S. Treasury securities at June 30, 2020 and 2019, respectively.

The investments in UWSELA's endowment funds are not guaranteed or otherwise secured by the trustees. The endowment funds are held at the Greater New Orleans Foundation, and in mutual funds and other investments as described in Note 11.

11. Endowment Assets

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

UWSELA has a board-designated, irrevocable endowment fund with the Greater New Orleans Foundation to receive and invest funds for the benefit of UWSELA. All income received from the endowment is unrestricted and is used to cover operating expenses. There were no contributions to the endowment fund for the years ended June 30, 2020 and 2019. Investment income for the years ended June 30, 2020 and 2019, net of administrative expenses and grants, totaled (\$88,247) and \$13,916, respectively. The amount of the endowment reflected in the statement of financial position as beneficial interest in assets held by others is \$3,219,398 and \$3,307,645 at June 30, 2020 and 2019, 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. Cumulative gains and other income of \$311,057 are without donor restrictions and are board designated. There were no contributions to the endowment funds for the years ended June 30, 2020 and 2019. Investment income for the years ended June 30, 2020 and 2019, net of administrative expenses and grants, totaled (\$8,586) and \$1,706, respectively. The amount of endowments reflected in the statement of financial position as investment in common endowment fund is \$325,781 and \$334,367 at June 30, 2020 and 2019, 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 restricted in perpetuity. Investment income and unrealized gains and losses are restricted as to time. There were no contributions to the endowment for the years ended June 30, 2020 and 2019. Investment income for the years ended June 30, 2020 and 2019, net of withdrawals, totaled \$49,392 and \$4,029, respectively. As of June 30, 2020 and 2019, the amount of endowments reflected in the statement of financial position as mutual funds, certificates of deposit, and U.S. Treasury securities for the Ratepayer Fund is \$1,968,094 and \$2,017,486, respectively.

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

11. Endowment Assets (continued)

Interpretation of Relevant Law

The Board 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 net assets with donor restriction in perpetuity (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 net assets with donor restriction in perpetuity is classified as net assets with donor restriction due to time until those amounts are appropriated for expenditures by UWSELA 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 UWSELA 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 UWSELA
- 7) The investment policies of UWSELA

Financial Summary

The following summarizes the financial activity of the endowment assets of UWSELA for the year ended June 30, 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, July 1, 2019 | \$ 3,627,288 | \$ 2,032,210 | \$ 5,659,498 |
| Investment return: | | | |
| Investment income | 26,915 | 39,239 | 66,154 |
| Net appreciation (realized and unrealized) | 19,157 | 1,689 | 20,846 |
| Total investment return | 46,072 | 40,928 | 87,000 |
| Appropriation of endowment assets for grants | (142,905) | (90,320) | (233,225) |
| Endowment net assets, June 30, 2020 | <u>\$ 3,530,455</u> | <u>\$ 1,982,818</u> | <u>\$ 5,513,273</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

11. Endowment Assets (continued)

The following summarizes the financial activity of the endowment assets of UWSELA for the year ended June 30, 2019:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net assets, July 1, 2018 | \$ 3,611,666 | \$ 2,028,182 | \$ 5,639,848 |
| Investment return: | | | |
| Investment income | 16,529 | 38,428 | 54,957 |
| Net appreciation (realized and unrealized) | <u>139,188</u> | <u>52,751</u> | <u>191,939</u> |
| Total investment return | 155,717 | 91,179 | 246,896 |
| Appropriation of endowment assets for grants | <u>(140,095)</u> | <u>(87,151)</u> | <u>(227,246)</u> |
| Endowment net assets, June 30, 2019 | <u>\$ 3,627,288</u> | <u>\$ 2,032,210</u> | <u>\$ 5,659,498</u> |

Endowment Net Asset Composition by Type of Fund as of June 30, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor - restricted endowment funds | \$ - | \$ 1,982,818 | \$ 1,982,818 |
| Board - designated endowment funds | <u>3,530,455</u> | <u>-</u> | <u>3,530,455</u> |
| June 30, 2020 | <u>\$ 3,530,455</u> | <u>\$ 1,982,818</u> | <u>\$ 5,513,273</u> |

Endowment Net Asset Composition by Type of Fund as of June 30, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor - restricted endowment funds | \$ - | \$ 2,032,210 | \$ 2,032,210 |
| Board - designated endowment funds | <u>3,627,288</u> | <u>-</u> | <u>3,627,288</u> |
| June 30, 2019 | <u>\$ 3,627,288</u> | <u>\$ 2,032,210</u> | <u>\$ 5,659,498</u> |

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

11. 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 U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies may result from unfavorable market fluctuations occurring after the investment of new permanently restricted contributions and continued appropriation for programs that was deemed prudent by the Board. At June 30, 2020 and 2019, there were no such deficiencies.

Return Objectives and Risk Parameters

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

Endowment assets include those assets of donor-restricted funds that UWSELA must hold in perpetuity or for a donor-specified period(s) as well as board-designated endowment funds. Under this policy, as approved by the Board, 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' contributions 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.

12. 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 23, 2021. At June 30, 2020 and 2019, there was no outstanding balance on the line of credit.

13. 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 \$365,692 and \$312,831 at June 30, 2020 and 2019, respectively. Subsequent to June 30, 2020, UWSELA revised its personal leave policy and consequently all personal leave must be used in the year in which it is earned.

UNITED WAY OF SOUTHEAST LOUISIANA

Notes to Financial Statements

June 30, 2020

14. Related Parties

UWSELA purchased general liability and umbrella insurance policies from Hartwig-Moss Insurance Agency (Hartwig-Moss). The president of Hartwig-Moss is a member of the Finance and Operations Committee of UWSELA. The total paid to Hartwig-Moss during 2020 and 2019 was \$60,551 and \$57,683, respectively.

15. Outbreak of COVID-19 and Paycheck Protection Program

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on UWSELA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, donors, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

During the year ended June 30, 2020, UWSELA applied for and was approved for a \$598,700 loan under the Paycheck Protection Program and administered by the Small Business Administration as part of the relief efforts related to COVID-19. UWSELA is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. UWSELA recognized the loan as an unconditional contribution, which is recorded in the statement of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures.

16. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, October 30, 2020, and determined that other than the continuing impact of the outbreak of COVID-19 described in Note 15, there were no other events that occurred that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

UNITED WAY OF SOUTHEAST LOUISIANA
Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended June 30, 2020

Agency Head: Michael Williamson, President/CEO

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

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

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

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

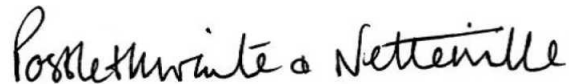
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UWSELA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UWSELA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
October 30, 2020