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**UNITED WAY OF SOUTHWEST LOUISIANA, INC.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

Lake Charles, Louisiana

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# McELROY, QUIRK & BURCH

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01286.900 United Way of Southwest Louisiana, Inc. Audit 12/31/06 UWay FR

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
United Way of Southwest Louisiana, Inc.  
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of United Way of Southwest Louisiana, Inc. as of December 31, 2006, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southwest Louisiana, Inc. as of December 31, 2006, and the changes in net assets and its cash flows and its functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2007, on our consideration of United Way of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

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 the Organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived. We expressed an unqualified opinion on those financial statements for the year ended December 31, 2005.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information for the year ended December 31, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ms Elroy Quirk & Busch*

Lake Charles, Louisiana  
June 19, 2007

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 366,601	\$ 728,586
Investments	1,284,336	1,326,000
2007 pledges receivable (less allowance for uncollectible pledges of \$310,000)	3,009,795	-
2006 pledges receivable (less allowance for uncollectible pledges of \$290,000)	559,780	2,389,055
2005 pledges receivable (less allowance for uncollectible pledges of \$290,000)	-	554,718
Interest receivable	8,496	13,327
Prepaid expenses	659,559	688,599
Loan receivable	11,397	13,797
Other receivables	4,525	39,453
Investments-deferred compensation	15,871	-
Cash and cash equivalents-restricted	1,642,014	455,970
Land, buildings and equipment	1,510,901	1,487,590
Accumulated depreciation	<u>(1,024,157)</u>	<u>(955,600)</u>
<b>Total assets</b>	<b><u>\$ 8,049,118</u></b>	<b><u>\$ 6,741,495</u></b>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 32,289	\$ 87,976
Due to designated agencies	<u>622,182</u>	<u>257,867</u>
	<u>654,471</u>	<u>345,843</u>
NET ASSETS		
Unrestricted:		
Appropriated-general	653,347	679,532
Appropriated-land, buildings and equipment	486,744	531,990
Unappropriated	<u>1,611,967</u>	<u>1,862,008</u>
	2,752,058	3,073,530
Temporarily restricted	<u>4,642,589</u>	<u>3,322,122</u>
	<u>7,394,647</u>	<u>6,395,652</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 8,049,118</u></b>	<b><u>\$ 6,741,495</u></b>

See Notes to Financial Statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Campaign applicable to current period:		
Contributions received-current period	\$ 616,668	\$ -
Contributions received in prior periods (released from restriction)	3,392,214	(3,392,214)
Donor designations for agencies	<u>(257,867)</u>	<u>257,867</u>
Total campaign for current period	3,751,015	(3,134,347)
Allowance for uncollectible pledges	<u>(310,730)</u>	<u>290,000</u>
	<u>3,440,285</u>	<u>(2,844,347)</u>
Campaign revenue received for next allocation period		
	-	4,071,160
Donor designations for agencies	-	(622,182)
Allowance for uncollectible pledges	<u>-</u>	<u>(310,000)</u>
Total campaign for next allocation period	<u>-</u>	<u>3,138,978</u>
Total campaign	3,440,285	294,631
Success by Six grant income	-	95,000
Success by Six other income	-	9,001
Sports Hall of Fame income	5,300	-
Charity Pro-Am Tournament-net	(9,339)	-
Hurricane recovery income	-	2,501,466
Rent income	82,192	(42,071)
Investment income	98,931	38,515
Deferred compensation contribution	(15,000)	15,000
Miscellaneous	7,800	-
Net assets satisfied by payments	<u>1,591,075</u>	<u>(1,591,075)</u>
Total revenues	<u>5,201,244</u>	<u>1,320,467</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>		
Funds allocated to member agencies	2,847,281	-
Other allocations	<u>(45,722)</u>	<u>-</u>
	<u>2,801,559</u>	<u>-</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Campaign applicable to current period:		
Contributions received-current period	\$ 616,668	\$ -
Contributions received in prior periods (released from restriction)	3,392,214	(3,392,214)
Donor designations for agencies	(257,867)	257,867
Total campaign for current period	<u>3,751,015</u>	<u>(3,134,347)</u>
Allowance for uncollectible pledges	(310,730)	290,000
	<u>3,440,285</u>	<u>(2,844,347)</u>
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Deferred compensation contribution	(15,000)	15,000
Miscellaneous	7,800	-
Net assets satisfied by payments	<u>1,591,075</u>	<u>(1,591,075)</u>
Total revenues	<u>5,201,244</u>	<u>1,320,467</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>		
Funds allocated to member agencies	2,847,281	-
Other allocations	(45,722)	-
	<u>2,801,559</u>	<u>-</u>

<u>2006 Combined Total</u>	<u>2005 Combined Total</u>
\$ 616,668	\$ 318,654
-	-
-	-
<u>616,668</u>	<u>318,654</u>
<u>(20,730)</u>	<u>(14,151)</u>
<u>595,938</u>	<u>304,503</u>
4,071,160	3,392,214
(622,182)	(257,867)
(310,000)	(290,000)
<u>3,138,978</u>	<u>2,844,347</u>
3,734,916	3,148,850
95,000	79,363
9,001	6,100
5,300	5,240
(9,339)	11,591
2,501,465	698,178
40,121	24,401
137,446	46,110
-	-
7,800	6,502
-	-
<u>6,521,711</u>	<u>4,026,335</u>
2,847,281	2,809,044
(45,722)	43,866
<u>2,801,559</u>	<u>2,852,910</u>

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UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2006  
 With Comparative Totals for the Year Ended December 31, 2005  
 (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Other functional expenses:		
Community services	1,589,093	-
Fund raising	703,933	-
Agency relations	177,517	-
Management and general	<u>250,614</u>	<u>-</u>
Total functional expenses	<u>2,721,157</u>	<u>-</u>
 Total expenses	 <u>5,522,716</u>	 <u>-</u>
 CHANGE IN NET ASSETS	 (321,472)	 1,320,467
 NET ASSETS, BEGINNING OF YEAR	 <u>3,073,530</u>	 <u>3,322,122</u>
 NET ASSETS, END OF YEAR	 <u>\$ 2,752,058</u>	 <u>\$ 4,642,589</u>

See Notes to Financial Statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2006  
 With Comparative Totals for the Year Ended December 31, 2005  
 (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Other functional expenses:		
Community services	1,589,093	-
Fund raising	703,933	-
Agency relations	177,517	-
Management and general	250,614	-
Total functional expenses	<u>2,721,157</u>	<u>-</u>
Total expenses	<u>5,522,716</u>	<u>-</u>
CHANGE IN NET ASSETS	(321,472)	1,320,467
NET ASSETS, BEGINNING OF YEAR	<u>3,073,530</u>	<u>3,322,122</u>
NET ASSETS, END OF YEAR	<u>\$ 2,752,058</u>	<u>\$ 4,642,589</u>

See Notes to Financial Statements.

<u>2006</u> <u>Combined</u> <u>Total</u>	<u>2005</u> <u>Combined</u> <u>Total</u>
1,589,093	378,570
703,933	641,012
177,517	169,433
<u>250,614</u>	<u>224,806</u>
<u>2,721,157</u>	<u>1,413,821</u>
<u>5,522,716</u>	<u>4,266,731</u>
998,995	(240,396)
<u>6,395,652</u>	<u>6,636,048</u>
<u>\$ 7,394,647</u>	<u>\$ 6,395,652</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from:		
Various donors for:		
Annual campaign	\$ 3,731,296	\$ 3,915,242
Grant income	95,000	79,363
Program income	2,506,428	721,109
Interest received	142,277	34,950
Rent income collected	40,121	24,401
Miscellaneous receipts	7,800	6,502
Cash payments:		
Allocations	(2,801,559)	(2,852,910)
Designated agencies	(257,867)	(254,792)
Employees and suppliers	(2,577,631)	(1,379,783)
Building operations	(66,687)	(51,623)
Cash provided by operating activities	<u>819,178</u>	<u>242,459</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(23,312)	(3,143)
Maturities of investments	1,324,664	1,315,000
Purchase of investments	(1,283,000)	(1,126,000)
Loans collected	2,400	2,400
Cash provided by investing activities	<u>20,752</u>	<u>188,257</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions and earnings-deferred compensation plan	(15,871)	(26,716)
Payout of deferred compensation plan	-	186,853
Cash provided by (used in) financing activities	<u>(15,871)</u>	<u>160,137</u>
Net increase in cash	824,059	590,853
Cash and cash equivalents:		
Beginning of year	<u>1,184,556</u>	<u>593,703</u>
End of year	<u>\$ 2,008,615</u>	<u>\$ 1,184,556</u>

(continued on next page)

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF THE CHANGE IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES IS AS FOLLOWS:		
Net change in assets	\$ 998,995	\$ (240,396)
Adjustments to reconcile change in net cash provided by (used in) operating activities:		
Depreciation	68,558	66,918
Uncollectible pledges	310,730	304,151
Change in pledges receivable (gross)	(936,532)	204,375
Change in all other receivables and assets	68,799	(116,724)
Change in payables	<u>308,628</u>	<u>24,135</u>
Net cash provided by operating activities	<u>\$ 819,178</u>	<u>\$ 242,459</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTED OF:		
Restricted cash	\$ 366,601	\$ 455,970
Unrestricted cash	<u>1,642,014</u>	<u>728,586</u>
	<u>\$ 2,008,615</u>	<u>\$ 1,184,556</u>

See Notes to Financial Statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2006

With Comparative Totals for the Year Ended December 31, 2005

	Community Services- Programs	Fund Raising	Agency Relations
Salaries	\$ 20,968	\$ 338,255	\$ 103,151
Health and life insurance	-	43,084	10,771
Retirement plan	2,040	29,910	7,477
Dental plan	-	5,474	1,368
Payroll taxes	1,570	20,924	5,231
Workmen's compensation	-	4,472	1,118
Total salaries and related expenses	<u>24,578</u>	<u>442,119</u>	<u>129,116</u>
Professional fees	-	8,875	2,219
Office supplies and expenses	2,739	16,511	4,128
In-house printing	-	11,026	2,757
Campaign expenses	-	63,826	-
Public relations	-	13,536	3,384
Postage and shipping	-	8,215	2,054
Telephone	-	9,011	2,253
Utilities	-	14,184	3,546
Rent	-	5,400	1,350
Repairs and maintenance	-	8,870	2,217
Publications and subscriptions	-	2,934	734
Automobile expense	-	7,127	1,782
Educational conferences and institutes	2,705	17,119	4,280
Organizational dues	-	9,347	2,337
Insurance	-	15,348	3,837
United Way programs	-	4,960	1,240
Report luncheons	-	4,390	-
Nurses and counseling	64,357	-	-
Banquet expense	4,398	-	-
Meeting expense	203	-	-
Hurricane recovery expenses	1,490,113	-	-
Total before depreciation	<u>1,589,093</u>	<u>662,798</u>	<u>167,234</u>
Depreciation of buildings and equipment	-	41,135	10,283
Total functional expenses	<u>\$ 1,589,093</u>	<u>\$ 703,933</u>	<u>\$ 177,517</u>

See Notes to Financial Statements.

Management and General	2006 Total	2005 Total
\$ 126,672	\$ 589,046	\$ 524,472
17,952	71,807	58,393
12,462	51,889	39,182
2,281	9,123	10,461
8,718	36,443	35,558
<u>1,863</u>	<u>7,453</u>	<u>4,947</u>
169,948	765,761	673,013
3,698	14,792	13,407
6,879	30,257	32,076
4,594	18,377	15,904
-	63,826	46,468
5,640	22,560	13,297
3,423	13,692	13,776
3,754	15,018	16,933
5,910	23,640	21,553
2,250	9,000	9,000
3,696	14,783	35,780
1,223	4,891	2,999
2,970	11,879	8,448
7,133	31,237	44,791
3,895	15,579	12,803
6,395	25,580	20,972
2,066	8,266	7,698
-	4,390	15,405
-	64,357	50,524
-	4,398	6,129
-	203	2,357
-	<u>1,490,113</u>	<u>283,570</u>
233,474	2,652,599	1,346,903
17,140	68,558	66,918
<u>\$ 250,614</u>	<u>\$ 2,721,157</u>	<u>\$ 1,413,821</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

Note 1. Organization and Purpose

United Way of Southwest Louisiana, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of raising funds for the benefit of other community nonprofit organizations. The Organization is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are qualified as charitable donations.

Note 2. Summary of Significant Accounting Policies

The Organization follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the United Way of America and the American Institute of Certified Public Accountants. The following significant accounting policies are in accordance with these standards.

Donor imposed restrictions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Gifts designated by the donor for a particular agency are not recognized as revenue. These pass through contributions are recorded as a liability until paid to the designated agency by the Organization.



Promises to give/pledges:

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Cash and cash equivalents:

The Organization considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Investments:

Investments, consisting of certificates of deposit, are stated at cost that approximates market.

Prepaid expenses:

Prepaid expenses include functional expenses, in the amount of \$651,347, incurred in connection with contributions restricted for future periods. These amounts will be expensed in the period the stipulated time restriction ends and the related temporarily restricted contributions are reported in the statement of activities as net assets released from restriction.

Cash and cash equivalents-restricted:

Cash and cash equivalents have been restricted according to donor restrictions for hurricane recovery efforts.

Contributed property and equipment:

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulated how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Estimates:

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

Net assets appropriated for land, building and equipment:

The Board has designated net assets for expenditures for renovation and repair of the Organization's building. Each year one-half of the interest income earned and excess rent income over rental expenses are designated for this purpose.

Depreciation:

Depreciation of property and equipment is provided for over the useful life of each asset based on the straight line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

Furniture and equipment	5 years
Automobiles	3 years
Building	25 years

Contributed services:

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of hours, for which no value has been assigned or recognized, were volunteered by employees of local companies participating in the United Way Loaned Executives program. Volunteers assist the United Way during the annual campaign.

Note 3. Pledges Receivable

All pledges receivable are due in one year. Included in "pledges receivable" are the following unconditional promises to give:

	<u>2007</u> <u>Campaign</u>	<u>2006</u> <u>Campaign</u>
Undesignated	\$ 2,697,613	\$ 2,421,188
Designated	<u>622,182</u>	<u>257,867</u>
Gross unconditional pledges	3,319,795	2,679,055
Less allowance for uncollectibles	<u>310,000</u>	<u>290,000</u>
	<u>\$ 3,009,795</u>	<u>\$ 2,389,055</u>

Note 4. Deferred Compensation

During the year ended December 31, 2006, the Board of Directors approved a Deferred Compensation Plan for the Executive Director to replace the plan that was terminated during the year ended December 31, 2005. The plan is administered by Mutual of America. The Board approves the annual contributions made to the plan. During 2006, the Board approved a contribution of \$15,000 to the plan.

Note 5. Net assets - Appropriated Unrestricted:

Appropriated-general unrestricted net assets is made up of the following:

Board designated funds:	
Sports Hall of Fame	\$ 2,000
Prepaid campaign expenses	<u>651,347</u>
	<u>\$ 653,347</u>

Note 6. Land, Buildings and Equipment

A summary of land, buildings and equipment is as follows:

Land	\$ 91,000
Building	1,046,308
Furniture and equipment	<u>373,593</u>
	1,510,901
Less accumulated depreciation	<u>1,024,157</u>
	<u>\$ 486,744</u>

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended December 31, 2006 was \$68,558.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Time restrictions (net campaign pledges received for future periods):		
2006		\$ 3,138,978
Purpose restrictions:		
Deferred compensation		15,871
Building fund		11,169
Success by Six		50,610
Hurricane assistance fund		<u>1,425,961</u>
		<u>\$ 4,642,589</u>

Changes in temporarily restricted net assets are summarized as follows:

		<u>Net Change</u>
Campaign applicable to current period:		
Beginning of year	\$ 2,844,347	
Net change	<u>294,631</u>	\$ 294,631
End of year	<u>\$ 3,138,978</u>	
Deferred compensation:		
Beginning of year	\$ -	
2006 contribution	\$ 15,000	
2006 earnings	<u>871</u>	
Net change	<u>15,871</u>	15,871
End of year	<u>\$ 15,871</u>	

(continued on next page)

			<u>Net Change</u>
<b>Building fund:</b>			
Beginning of year		\$ 37,788	
Rent income	40,121		
Investment income	38,515		
Repairs	(50,035)		
Utilities	(23,472)		
Insurance	(24,875)		
Other rental expenses	<u>(6,873)</u>		
Net change		<u>(26,619)</u>	(26,619)
End of year		<u>\$ 11,169</u>	
<b>Success by Six:</b>			
Beginning of year		\$ 25,379	
Grant income	95,000		
Other income	9,001		
Program expenses	<u>(78,770)</u>		
Net change		<u>25,231</u>	25,231
End of year		<u>\$ 50,610</u>	
<b>Hurricane recovery fund:</b>			
Beginning of year		\$ 414,608	
Hurricane recovery income	2,501,466		
Hurricane recovery expense	<u>1,490,113</u>		
Net change		<u>1,011,353</u>	<u>1,011,353</u>
End of year		<u>\$ 1,425,961</u>	
Net change			<u>\$ 1,320,467</u>

**Note 8. Net Assets Released from Restriction**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended December 31, 2006:

Time restrictions (net campaign pledges received for future periods):	
2006	<u>\$ 2,844,347</u>

Note 9. Retirement Benefits

The Organization sponsors a defined contribution profit sharing plan that covers all eligible employees. Eligible employees include persons with one year of service with a minimum age of 21 years. The employer contribution on behalf of each participant for each plan year shall be 10% of the participant's compensation for the plan year.

Total benefit costs and contributions for the year ended December 31, 2006 were \$51,889.

Note 10. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support, revenue and expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain indirect costs have been allocated to the functional categories based on the Organization's analysis of time devoted to each category. The allocation of \$474,799 of indirect cost was based on the following 2006 percentages:

Fund raising	60%
Agency relations	15%
Management and general	25%

Note 11. Related Party Transaction

In connection with the purchase of the Organization's vehicle by the Executive Director, United Way loaned \$18,597 to the Executive Director in December 2003. On January 15, 2004, an interest free note agreement was executed by the Executive Director in the face amount of the amount loaned. This note is payable in monthly installments of \$200 each until paid in full. The balance of the loan at December 31, 2006 is \$11,397. Interest of \$495 was imputed on the loan and included in compensation of the Executive Director.

Note 12. Concentration of Credit Risk

The Organization maintains its cash accounts in several commercial banks and an investment company. At times during 2006, the amounts on deposit exceeded the insurance limits of the Federal Deposit Insurance Corporation.

Note 13. Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

Note 14. Community Services

The Helpline is a program that assists with payments such as utility, rent, and life threatening medications for individuals that need assistance. This is a last resort program providing assistance to an individual only once during a calendar year.

The Success by Six Initiative of United Way of Southwest Louisiana, Inc. is a program that focuses on developing a community where all children, by the age of six, have the emotional, social, educational, and physical development necessary for the success in school and in life. All projects of this initiative operate on grants and program income. Some of the current partnerships are with Christus St. Patrick's School Based Health Centers, which provide registered nurses at high-risk, low-income day care centers to provide health and wellness promotion, health development, and safety assessments and staff training within the child care setting. Health and safety classes, along with CPR and first aid are offered to all child care providers in the region. A partnership with SWLAHEC-Americorp, and a contracted literacy coordinator allows for character, and literacy development programs to be offered in local Head Start centers, child care centers, and after school programs. These projects, and funding received from grants for these projects, are referred to in the financial statements as Success By Six.

The Sports Hall of Fame is a program to honor local high school senior athletes in the area.

The Youth Advisory Council is a program for high school students that encourage leadership and volunteering. The Council gives teens opportunities to give input on the development of less competitive programs and to develop accessible facilities that provide recreational choices for area youth.

The Hurricane Recovery Fund is a program focused on meeting special needs in the hurricane recovery effort caused by Hurricanes Rita and Katrina in Southwest Louisiana. The main focus is long-term recovery with special emphasis on housing initiatives.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

AGENCY ALLOCATIONS AND COMMUNITY SERVICES  
Year Ended December 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Other Allocations</u>
Abraham's Tent	\$ 64,000	\$ 64,000	\$ -
Allen Council on Aging	31,230	31,230	-
American Heart Association	75,000	75,000	-
American Red Cross	135,000	135,000	-
Bayou Girl Scout Council	63,000	63,000	-
BeauCare	94,786	94,786	-
Beauregard ARC	30,000	30,000	-
Beauregard Community Concerns	130,000	130,000	-
Beauregard Council on Aging	42,578	42,578	-
Beauregard Special Olympics	6,500	6,500	-
Big Brothers/Big Sisters	164,739	164,739	-
Boy Scouts of America	163,200	163,200	-
Boys'/Girls' Village	177,850	218,238	(40,388)
Calcasieu Association for Retarded Citizens/Sheltered Workshop	218,280	218,280	-
Calcasieu Community Clinic	26,000	26,000	-
Calcasieu Council on Aging	86,000	86,000	-
Calcasieu Women's Shelter, Inc.	154,300	154,300	-
Cameron Council on Aging	60,000	60,000	-
Camp Fire	93,892	73,892	20,000
Children's Museum	38,310	28,310	10,000
Family and Youth Counseling	422,680	420,180	2,500
Foreman-Reynaud YMCA	117,639	117,639	-
Friends of Families	1,250	15,000	(13,750)
Genesis Therapeutic Riding	20,000	20,000	-
Imperial Calcasieu Museum	17,050	17,050	-
Jeff Davis Chemical Health	55,605	55,605	-
Jeff Davis Council on Aging	39,500	39,500	-
Jeff Davis Special Olympics	8,000	8,000	-
Junior Achievement	25,000	25,000	-
Lake Charles Memorial Hospital	8,700	-	8,700
Lake Charles YMCA	-	35,000	(35,000)
Literacy Council	74,460	74,460	-
NAMI	10,000	10,000	-
Ouachita Valley BSA	6,250	6,250	-
Salvation Army	120,000	120,000	-
Samaritan Counseling	26,500	26,500	-
Southwest Louisiana Aids Council	37,000	37,000	-

(continued on next page)



UNITED WAY OF SOUTHWEST LOUISIANA, INC.

AGENCY ALLOCATIONS AND COMMUNITY SERVICES

Year Ended December 31, 2006

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Other Allocations</u>
Southwest Louisiana Legal Services	50,000	50,000	-
Speech and Hearing Center	21,792	21,792	-
Volunteer Center	97,738	97,738	-
Louisiana Association of United Way	3,250	2,100	1,150
United Way of America	42,347	41,281	1,066
	<u>3,059,426</u>	<u>3,105,148</u>	<u>(45,722)</u>
Less donor designations	<u>257,867</u>	<u>257,867</u>	<u>-</u>
Total	<u>\$ 2,801,559</u>	<u>\$ 2,847,281</u>	<u>\$ (45,722)</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

COMMUNITY SERVICES  
Year Ended December 31, 2006

	<u>Helpline</u>	<u>Success by Six</u>	<u>Sports Hall of Fame</u>
Salaries	\$ 20,968	\$ -	\$ -
Retirement plan	2,040	-	-
Payroll taxes	<u>1,570</u>	<u>-</u>	<u>-</u>
Total salaries and related expenses	24,578	-	-
Office supplies and expenses	-	2,739	-
Educational conferences and training	-	2,705	-
Nurses and counseling	-	64,357	-
Banquet expense	-	-	4,398
Meeting expense	-	-	-
Hurricane recovery expense	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses	<u>\$ 24,578</u>	<u>\$ 69,801</u>	<u>\$ 4,398</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

COMMUNITY SERVICES  
Year Ended December 31, 2006

	<u>Helpline</u>	<u>Success by Six</u>	<u>Sports Hall of Fame</u>
Salaries	\$ 20,968	\$ -	\$ -
Retirement plan	2,040	-	-
Payroll taxes	<u>1,570</u>	<u>-</u>	<u>-</u>
Total salaries and related expenses	24,578	-	-
Office supplies and expenses	-	2,739	-
Educational conferences and training	-	2,705	-
Nurses and counseling	-	64,357	-
Banquet expense	-	-	4,398
Meeting expense	-	-	-
Hurricane recovery expense	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses	<u>\$ 24,578</u>	<u>\$ 69,801</u>	<u>\$ 4,398</u>

<u>Youth Advisory Council</u>	<u>Hurricane Recovery Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 20,968
-	-	2,040
-	-	1,570
-	-	24,578
-	-	2,739
-	-	2,705
-	-	64,357
-	-	4,398
203	-	203
-	1,490,113	1,490,113
<u>\$ 203</u>	<u>\$ 1,490,113</u>	<u>\$ 1,589,093</u>

# McELROY, QUIRK & BURCH

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William A. Mancuso, CPA, Retired  
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Judson J. McCann, Jr., CPA, Retired

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CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

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

Board of Directors  
United Way of Southwest Louisiana, Inc.  
Lake Charles, Louisiana

We have audited the financial statements of United Way of Southwest Louisiana, Inc. as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. 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.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered United Way of Southwest Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (2006-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency above is a material weakness.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Ms. Elroy Quirk & Bunch*

Lake Charles, Louisiana  
June 19, 2007

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

SCHEDULE OF FINDINGS

December 31, 2006

Internal Control Findings:

2006-1

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve an adequate level of segregation of responsibilities. Management has implemented supervision and review procedures in order to mitigate this weakness.