

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
**FINANCIAL REPORT**

**June 30, 2013**

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Trustees of the  
Louisiana Association of United Ways  
Baton Rouge, Louisiana**

**We have audited the accompanying financial statements of LOUISIANA ASSOCIATION OF UNITED WAYS (a non-profit organization) (LAUW) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows and functional expenses 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.**

### **Auditors' Responsibility**

**Our responsibility is to express an opinion on these financial statements based on our 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.**

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

**Opinion**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LOUISIANA ASSOCIATION OF UNITED WAYS as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.**

**Other Reporting Required by *Government Auditing Standards***

**In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2014, on our consideration of LAUW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAUW's internal control over financial reporting and compliance.**

*Faulk & Winkles, LLC*

**Certified Public Accountants**

**Baton Rouge, Louisiana  
July 22, 2014**

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2013

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 229,791
Accounts receivable, net	<u>104,273</u>
Total assets	<u>\$ 334,064</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued payroll	\$ 52,836
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**NET ASSETS**

Unrestricted	280,466
Temporarily restricted	<u>762</u>
Total net assets	<u>281,228</u>
Total liabilities and net assets	<u>\$ 334,064</u>

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

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>REVENUES</b>			
Grants - Department of Social Services	\$ 224,870	\$ -	\$ 224,870
Assessments	112,436	-	112,436
Reimbursement from FEMA	18,011	-	18,011
Other	<u>22,085</u>	<u>-</u>	<u>22,085</u>
 Total revenues	 <u>377,402</u>	 <u>-</u>	 <u>377,402</u>
<b>EXPENSES</b>			
Program services	392,206	-	392,206
General and administrative	<u>69,333</u>	<u>-</u>	<u>69,333</u>
 Total expenses	 <u>461,539</u>	 <u>-</u>	 <u>461,539</u>
 Decrease in net assets	 (84,137)	 -	 (84,137)
<b>NET ASSETS</b>			
Beginning of year	<u>364,603</u>	<u>762</u>	<u>365,365</u>
 End of year	 <u>\$ 280,466</u>	 <u>\$ 762</u>	 <u>\$ 281,228</u>

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

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (84,137)
Change in operating assets and liabilities:	
Accounts receivable	(42,906)
Accounts payable and accrued payroll	<u>(1,347)</u>
Net decrease in cash	(128,390)

**CASH**

Beginning of year	<u>358,181</u>
End of year	<u>\$ 229,791</u>

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

**LOUISIANA ASSOCIATION OF UNITED WAYS**

Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2013

	<u>Function</u>		<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	
Payments to service providers	\$ 176,603	\$ -	\$ 176,603
Salaries, payroll taxes and benefits	83,824	20,956	104,780
Contract services	57,333	14,427	71,760
Professional fees	25,650	12,934	38,584
Marketing materials	24,961	297	25,258
Telecommunications	8,187	2,047	10,234
Sponsorships	12,500	6,850	19,350
Insurance	-	5,536	5,536
Occupancy	-	4,000	4,000
Conferences	3,148	-	3,148
Office supplies	-	1,672	1,672
Membership dues	-	414	414
Postage and shipping	-	190	190
Other	-	10	10
	<u>\$ 392,206</u>	<u>\$ 69,333</u>	<u>\$ 461,539</u>

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

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Louisiana Association of United Ways (LAUW) is a not-for-profit organization that represents United Way Agencies throughout Louisiana and is committed to enhancing the human service delivery systems necessary to ensure the economic health of Louisiana. LAUW's primary sources of revenue are contributions for contractual services from local United Ways, other contributions and grant revenue from state and local agencies.

The mission of LAUW is to increase the organized capacity of Louisiana United Way organizations. The purpose of LAUW is to foster and enable the provision of efficient and effective community services for the citizens of the service area. LAUW has contracted with local and regional Louisiana United Way chapters and the State of Louisiana, through the Department of Children and Family Services, for funding needed to establish a statewide, coordinated 2-1-1 community service phone system and has contracted with six regional providers of 2-1-1 community phone systems.

**Basis of Presentation**

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

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, LAUW considers cash in bank accounts and money market funds to be cash equivalents. Cash equivalents include highly liquid investments with original maturities of three months or less. LAUW has no cash equivalents at June 30, 2013.

**Investment Valuation and Income Recognition**

Financial Accounting Standards Board's ASC 820, Fair Value Measurements and Disclosures (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that LAUW has the ability to access.

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Valuation and Income Recognition (Continued)**

**Level 2 – Inputs including:**

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3 – Inputs that are unobservable and significant to the fair value measurement.**

LAUW does not have any Level 3 inputs at June 30, 2013 or 2012.

LAUW investments are stated at fair value. Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. All investment income is unrestricted.

**Accounts Receivable**

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. An allowance for doubtful accounts was recorded at \$4,861.

**Net Assets**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unrestricted Net Assets**

Net assets for general use with no restrictions.

**Temporarily Restricted Net Assets**

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. Once expended for their restricted purpose, these temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**Permanently Restricted Net Assets**

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of June 30, 2013.

**Contributions**

Support and revenue that is restricted by the donor is reported as an increase in temporarily restricted net assets. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

**Grants**

LAUW records grant expenses as the grants are awarded to various United Way chapters throughout the state. The grant awards are released from restriction after all conditions are met, if applicable, and are then released to unrestricted net assets

**Income Taxes**

The LAUW is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The LAUW follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the LAUW believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for unrecognized tax benefits. The LAUW's open audit periods are generally 2010 through 2013.

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

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

**Functional expenses**

LAUW allocates its functional expenses between program services, fundraising and management and general expenses, primarily based on its estimate of time incurred for those efforts. There were no fundraising expenses in 2013.

Program services consists of cost related to 2-1-1 service program, long-term recovery, and various grants dealing with mental health issues and expanding capacity of the 2-1-1 service program.

Supporting services consist of management and general related expenses.

**NOTE 2 - FAIR VALUE MEASURES**

The carrying value of receivables and accounts payable and accrued payroll approximate fair value due to the short-term nature of these financial instruments. None of these financial instruments are held for trading purposes.

**NOTE 3 - CONCENTRATIONS**

LAUW receives the majority of its operating revenue from contributions received from federal, state, and private grant funding. The percentage of revenue from these sources are as follows:

	<u>Revenues</u>
Contributions from private foundations and individuals	49%
Federal grants	26%
Other	<u>25%</u>
Total	<u>100%</u>

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CONCENTRATIONS (CONTINUED)**

The discontinuance of grants and contributions would affect the ability of LAUW to continue providing programs it currently administers.

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$762 at June 30, 2013 are available for disaster recovery related expenditures.

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which subject LAUW to concentrations of credit risk consist primarily of investments in governmental and corporate fixed income instruments, mutual funds and receivables. In addition, LAUW typically maintains cash in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited.

**NOTE 6 - SUBSEQUENT EVENTS**

In preparing these financial statements, the LAUW has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which was the date the financial statements were available to be issued.

**Special Independent Auditors' Report**

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**June 30, 2013**



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

**Board of Directors  
Louisiana Association of United Ways  
Baton Rouge, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **LOUISIANA ASSOCIATION OF UNITED WAYS (LAUW)** (a non-profit organization) which comprise the statement of financial position as of June 30, 2013, and the related statement of activities and cash flows for the year then ended and related notes to the financial statements, and have issued our report thereon dated July 22, 2014.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies and are reported as Items 2013-1 and 2013-2.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LAUW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the the accompanying schedule of findings and questioned costs as Item 2013-3.

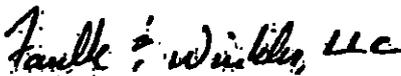
### **Management's Response to Findings**

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

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

  
Certified Public Accountants

Baton Rouge, Louisiana  
July 22, 2014

**LOUISIANA ASSOCIATION OF UNITED WAYS**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended June 30, 2013

**1) Summary of Audit Results:**

- a) The type of report issued on the basic financial statements: **Unqualified opinion.**
- b) Significant deficiencies in internal control disclosed by the audit of financial Statements: **2013-1 and 2013-2.**

Material weaknesses: **None.**

- c) Noncompliance which is material to the basic financial statements: **2013-3.**

**2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: 2013-1 and 2013-2.**

**3 Findings - Financial Statement Audit:**

**2013-1 Preparation of Financial Statements**

**Criteria:** LAUW does not maintain a system of internal controls over reporting to ensure that external financial statement presentation and footnote disclosures are in conformity with generally accepted accounting principles.

**Observation:** LAUW relies on its auditors to assist in the preparation of external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the auditors cannot be considered part of LAUW's internal control structure; however, design of the internal control structure does not otherwise include procedures to prepare internal financial statements and related disclosures in conformity with U.S. generally accepted accounting principles.

**Recommendation:** Since LAUW is satisfied with using its auditing firm to prepare the external financial statements, no change is recommended. However, this matter will continue to be reported.

**Management's corrective action plan:** Management understands that this deficiency results from professional standards that have been adopted by the accounting profession. LAUW generates the appropriate financial information to effectively manage and plan operations in a timely manner and does not consider their current situation to be deficient. However, management will review the resources necessary to prepare financial statements in accordance with generally accepted accounting principles, with full footnote disclosures, to determine if it would represent responsible stewardship.

### **2013-2 Segregation of Duties**

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

**Observation:** There is not sufficient segregation of duties to have effective internal control over financial reporting. The finding results from the small number of LAUW personnel involved in the financial reporting process, which restricts meaningful segregation of duties.

**Recommendation:** We recommend that LAUW continue the current processes of:

- Obtaining the a board members' approval for all disbursements,
- The unopened monthly bank statement (including all cancelled checks) be reviewed by the board president and treasurer,
- The board president and treasurer review the related bank reconciliations,
- All board members review LAUW's financial statements, on a monthly basis. Furthermore, a listing of monthly cash disbursements and the general ledger details should be reviewed along with the monthly financial statements.

**Management's corrective action plan:** Due to the size of staff of LAUW, the achievement of adequate segregation of duties is desirable to management but is cost prohibitive. However, one member of the board of directors must approve and endorse all disbursements of LAUW and all check disbursements are required to have dual signatures.

### **2013-3 Compliance with Louisiana Audit Law**

**Criteria:** Under the Louisiana Revised Statutes 24:513 requires state and local government and quasi-public agencies to report to the Legislative Auditor annually in years in which any local audit or quasi-public agency receives any federal, state or local funding in accordance with the Louisiana Governmental Audit Guide.

**Observation:** LAUW did not submit its annual financial report to the Louisiana Legislative Auditor within the 6 months of its fiscal year-end deadline as provided for by the Louisiana Audit Law.

**Recommendation:** We recommend LAUW maintain compliance with the Louisiana Audit Law.

**Management's corrective action plan:** In 2013, LAUW experienced a high degree of turnover in its administrative function. Due to this, LAUW did not obtain an audit of its financial statements on a timely basis. LAUW intends to comply with the Louisiana Audit Law in subsequent years in order to resolve this matter.

**LOUISIANA ASSOCIATION OF  
UNITED WAYS**  
Baton Rouge, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**For the year ended June 30, 2013**

*No findings were reported for the year ended June 30, 2012.*