

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Lake Charles, Louisiana

Financial Statements
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southwest Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of Southwest Louisiana, Inc. as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southwest Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southwest Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Agency Allocations and Community Services and Schedule of Compensation, Benefits and Other Payments to Executive Director are presented for purposes of additional analysis and are 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 Schedule of Agency Allocations and Community Services and Schedule of Compensation, Benefits and Other Payments to Executive Director are 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 26, 2023, 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 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 United Way of Southwest Louisiana, Inc.'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 United Way of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
October 26, 2023

United Way of Southwest Louisiana, Inc.
Statement of Financial Position
As of June 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$	8,880,129
Cash and cash equivalents - restricted		1,994,478
Investments		719,000
2023 pledges receivable		36,334
2022 pledges receivable (less allowance for uncollectible pledges of \$300,000)		1,467,020
Grant receivable		21,218
Contract receivables		55,220
Other receivables		9,600
Prepaid expenses		16,271
Total Current Assets		13,199,270

Property and Equipment

Furniture and equipment		366,082
Building and improvements		1,840,893
		2,206,975
Less accumulated depreciation		(614,197)
		1,592,778
Land		184,578
Total Property and Equipment		1,777,356

Other Assets

Investments		250,000
Deposits		2,443
Total Other Assets		252,443

Total Assets	\$	15,229,069
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	199,990
Donor designations payable		177,560
Current portion of note payable		87,059
Total Current Liabilities		464,609

Long Term Liabilities

Note payable - net of current portion		436,503
Total Liabilities		901,112

Net Assets

Without donor restrictions		12,265,899
With donor restrictions		2,062,058
Total Net Assets		14,327,957
Total Liabilities and Net Assets	\$	15,229,069

See accompanying notes to the financial statements

United Way of Southwest Louisiana, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Combined Total
Support, Revenues and Gains			
Public Support:			
Contributions	\$ 3,617,772	\$ 189,259	\$ 3,807,031
Less:			
Provision for uncollectible accounts	(271,849)	-	(271,849)
Donor designations	(806,013)	-	(806,013)
Total public support	2,539,910	189,259	2,729,169
Revenues and gains			
Grant income	423,277	246,752	670,029
Contract income	1,690,470	-	1,690,470
Meeting income	2,580	-	2,580
Investment income	291,450	-	291,450
Disaster relief donations	2,022	4,340	6,362
Miscellaneous income	21,839	-	21,839
Special projects revenue	35,452	-	35,452
Processing fee revenue	122,969	-	122,969
In-kind income	67,444	-	67,444
Special event income	27,644	-	27,644
Total revenues and gains	2,685,147	251,092	2,936,239
Net assets released from restrictions	1,238,226	(1,238,226)	-
Total support, revenue and gains	6,463,283	(797,875)	5,665,408
Allocations and Functional Expenses			
Allocations to agencies and other assistance provided	4,657,901	-	4,657,901
Less: designations to agencies	(806,013)	-	(806,013)
Net allocations	3,851,888	-	3,851,888
Functional expenses			
Program services			
Community impact	756,362	-	756,362
Disaster management	1,458	-	1,458
Case management	131,761	-	131,761
Other programs	81,707	-	81,707
Total program services	971,288	-	971,288
Supporting services			
Management and general	370,195	-	370,195
Fund raising	549,021	-	549,021
Total supporting services	919,216	-	919,216
Total functional expenses	1,890,504	-	1,890,504
Total allocations and functional expenses	5,742,392	-	5,742,392
Changes in Net Assets	720,891	(797,875)	(76,984) * 1055
Net Assets - Beginning of Year	11,545,008	2,859,933	14,404,941
Net Assets - End of Year	\$ 12,265,899	\$ 2,062,058	\$ 14,327,957

See accompanying notes to financial statements.

United Way of Southwest Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended June 30, 2023

	Program Services					Supporting Services				Total Expenses
	Community Impact	Disaster Management	Case Management	Other Programs	Total Program Services	Management and General	Fund Raising	Supporting Services	Total	
Salaries	\$ 414,609	-	\$ 34,279	\$ 52,717	\$ 501,605	\$ 187,234	\$ 236,929	\$ 424,163	\$ 925,768	
Payroll taxes	48,879	-	-	-	48,879	21,800	26,644	48,444	97,323	
Health and life insurance	70,696	-	-	-	70,696	33,724	41,217	74,941	145,637	
Retirement plan	45,430	-	-	-	45,430	17,683	21,612	39,295	84,725	
Employee benefits	-	-	-	-	-	2,000	-	2,000	2,000	
Total compensation	579,614	-	34,279	52,717	666,610	262,441	326,402	588,843	1,255,453	
Professional fees	4,576	-	-	-	4,576	17,438	2,979	20,417	24,993	
Office supplies and expense	18,138	-	5,577	6,102	29,817	787	397	1,184	31,001	
Minor furniture and equipment	980	-	1,207	-	2,187	792	792	1,584	3,771	
Printing	4,886	-	-	-	4,886	760	928	1,688	6,574	
Campaign expenses	-	-	-	-	-	-	75,427	75,427	75,427	
Postage and shipping	577	-	-	-	577	902	1,103	2,005	2,582	
Computer expense	30,201	1,458	24,275	21,034	76,968	2,402	8,132	10,534	87,502	
Telephone	20,764	-	-	-	20,764	8,586	10,493	19,079	39,843	
Utilities	3,940	-	4,848	-	8,788	3,182	3,182	6,364	15,152	
Repairs and maintenance	20,030	-	16,914	-	36,944	13,501	14,031	27,532	64,476	
Special events	-	-	-	-	-	-	35,345	35,345	35,345	
Marketing	3,756	-	-	-	3,756	-	4,923	4,923	8,679	
Interest expense	6,474	-	7,967	-	14,441	5,228	5,228	10,456	24,897	
Dues and subscriptions	5,027	-	-	-	5,027	1,479	1,807	3,286	8,313	
Training and seminars	13,127	-	-	-	13,127	8,650	10,572	19,222	32,349	
Organizational expenses	6,664	-	-	-	6,664	-	3,673	3,673	10,337	
Travel	3,993	-	136	1,854	5,983	3,107	3,798	6,905	12,888	
Insurance	7,449	-	14,901	-	22,350	9,368	4,379	13,747	36,097	
Meeting expense	1,679	-	-	-	1,679	10,102	12,347	22,449	24,128	
Depreciation	17,597	-	21,657	-	39,254	14,213	14,213	28,426	67,680	
Miscellaneous	6,890	-	-	-	6,890	7,257	8,870	16,127	23,017	
Total functional expenses	\$ 756,362	\$ 1,458	\$ 131,761	\$ 81,707	\$ 971,288	\$ 370,195	\$ 549,021	\$ 919,216	\$ 1,890,504	

See accompanying notes to financial statements

United Way of Southwest Louisiana, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ (76,984)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	67,680
(Increase) decrease in pledges receivable	(15,884)
(Increase) decrease in prepaid expenses	(2,181)
(Increase) decrease in grant receivables	32,304
(Increase) decrease in contract receivables	25,260
(Increase) decrease in other receivables	(9,600)
Increase (decrease) in accounts payable	(32,969)
Increase (decrease) in designations payable	<u>18,786</u>
 Net Cash Provided (Used) by Operating Activities	 <u>6,412</u>
Cash Flows From Investing Activities	
Purchase of investments	(969,000)
Fixed asset acquisitions	<u>(19,512)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(988,512)</u>
Cash Flows From Financing Activities	
Payments for reduction of long-term debt	<u>(83,297)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>(83,297)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (1,065,397)
Cash and Cash Equivalents - Beginning of Period	<u>11,940,004</u>
Cash and Cash Equivalents - End of Period	<u>\$ 10,874,607</u>
 Cash and Cash Equivalents at the end of the year consisted of:	
Unrestricted Cash	\$ 8,880,129
Restricted Cash	1,994,478
	<u>\$ 10,874,607</u>
 Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 24,897</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Southwest Louisiana, Inc. (the United Way) is a nonprofit corporation recognized under the laws of the State of Louisiana for the purpose of raising funds to provide and/or support programs in the areas of education, income, and health. These programs may be provided by United Way or other local nonprofit organizations. The United Way's mission is: Positive Community Impact.

For more than 70 years, United Way has been committed to building strong, successful families and strengthening our community. When you join the United Way team, you're supporting a powerful movement to impact the region's most pressing health and human service needs.

Currently, United Way works with our partners to deliver 70 programs and multiple services that target community needs that center around the building blocks for a good life: a quality education that leads to stable employment, sufficient income to support a family through retirement, and sound mental and physical health.

Income Taxes

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

The United Way is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*. The applicable form is based on the United Way's gross receipts. The United Way is in compliance with the filing requirements of the Internal Revenue Service. Returns are subject to examination by the IRS, generally for three years after they are filed.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the United Way may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2023.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The United Way also follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the United Way is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The United Way reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Program activities:	
Disaster Donations	\$ 1,626,047
Entergy – Match Savings	10,000
Citgo - Disaster	200,000
Wells Fargo – Match Savings	15,000
Roy O’Martin – Write Start	6,349
Center Point Energy – Literacy Kits	4,669
Alcoa Grant – Summer of Service	5,633
Entergy VITA Grant	5,101
	<u>1,872,799</u>
Subject to the passage of time:	
2023 campaign pledges recognized in current period	189,259
	<u>\$ 2,062,058</u>

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets (Continued)

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 June 30, 2023:

Purpose restrictions satisfied:		
Grant funding	\$	426,335
Disaster relief contributions		456,526
Time restrictions satisfied:		
2022 campaign revenue		<u>355,365</u>
Total	\$	<u>1,238,226</u>

Accounting Estimates

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Sick leave is not payable upon termination or resignation. Vacation leave accumulates based on the length of the employee's service. Upon termination or resignation, the outstanding balance of unused vacation leave can be paid to an employee. As of June 30, 2023, accrued compensated absences totaled \$39,378.

Property and Equipment

The United Way capitalizes expenditures property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful life of the asset. The estimated useful lives of such assets are summarized as follows:

Furniture and equipment	5 years
Automobiles	3 years
Building and improvements	25 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2023 was \$8,679.

Contributed Services and Materials

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the fiscal year ended June 30, 2023, United Way received \$19,388 in campaign marketing services which meet the criteria of recognition in the financial statements. The Organization also benefited from individuals who volunteered their time and performed a variety of tasks that assisted the United Way, however those services did not meet the criteria for recognition as contributed services. In addition, the Organization received \$48,056 in donated building materials which are recorded at fair market value based on current cost of materials. The contributed services and materials totaled \$67,444 for the fiscal year ended June 30, 2023. Per the Organization's policy, these contributed services and materials were utilized for fund-raising support services and community impact program services, respectively.

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

The United Way uses the following program service categories for reporting purposes:

Community Impact – Includes agency evaluation and monitoring, research and development of internal programs with the focus areas of Education, Economic Mobility, Health, and Basic Needs.

Disaster Management – Support for rebuilding efforts as part of the short-term and long-term recovery activities set forth by the United Way related to hurricanes, floods, and/or other natural disasters.

Case Management – Includes grants and contracts such as Calcasieu Parish Prisoner Reentry Program, Entergy Assistance Administration, Louisiana's DCFS TANF program, Calcasieu Parish Policy Jury Emergency Rental Program, Louisiana Housing Corporation's Emergency Solutions Grant, and Louisiana DCFS No Wrong Door. These programs assist in a short-term remedy for low-income individuals during a crisis.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Expenses (Continued)

Other Programs - Includes grants for United Way programs such as VITA, Day of Caring, Summer of Service and WriteStart.

For additional descriptions of United Way assistance activities, see the "Community Initiatives" note 12.

Campaign Revenue (Public Support)

Campaign revenues received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. All donations of campaign revenue 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 with donor restriction support that increases those net asset classes.

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

Pledges

Unconditional promises to give or pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give or pledges 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 pledge is received. Amortization of the discount is included in campaign revenue. There were no pledges that are to be collected in future years as of June 30, 2023. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Cash and Cash Equivalents

The United Way considers all liquid investments with an original maturity of three months or less to be cash equivalents. On three bank accounts, donor and bank restrictions have been placed and the amounts of these accounts are shown as cash and cash equivalents – restricted. One account is donor restricted for hurricane recovery efforts and totals \$1,626,047 at June 30, 2023. Bank restrictions exist to maintain a separate bank account for security on the building loan which totals \$287,980 at June 30, 2023. Finally, one account is donor restricted for family support services totaling \$80,451.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2023

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition

The United Way adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, or Accounting Standards Codification Topic 606 (“ASC 606”). The guidance outlines a single, comprehensive model for accounting for revenue in exchange transactions from contracts with customers. The United Way’s revenue derived from exchange transactions are for services performed under terms of various contracts, processing fees charged to third party beneficiaries for collection of funds on their behalf, and special event revenue. Third parties receive the funds raised on their behalf by the United Way, net of processing fees charged. The United Way applied Topic 606 to its revenue derived from exchange transactions as follows:

Transaction price - The transaction price of contract revenue and special event revenue are based on the cost expended to provide such goods and services. The transaction price of processing fees is based on a percentage of the amount of funds raised for the third party and includes an administrative fee.

Performance obligations – The United Way has identified the following performance obligations in exchange transactions: (1) services under terms of various contracts; (2) fundraising services to obtain donations; and (3) collection of donor pledges for third parties. The United Way applies the principles of materiality in the determination of the performance obligations.

Payments under contracts recognize revenue when performance obligations under the terms of the contracts with contractors are satisfied. Special event revenues represent reciprocal transfers (exchange transactions) are recognized with the performance obligation is satisfied. Processing fee revenues are recognized over the time in which the performance obligations are met. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

The following table presents the United Way’s net revenue disaggregated based on the revenue source for the year ended June 30, 2023:

Contract fee income	\$ 1,690,470
Processing fee revenue	122,969
Total revenue from contracts with customers	<u>\$ 1,813,439</u>

The following table presents the United Way’s contract balances based on revenues from contracts with customers:

Receivables from contracts	\$ 55,220
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UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 consists of the following:

Furniture and equipment	\$ 366,082
Building and improvements	1,840,893
Less: Accumulated depreciation	<u>(614,197)</u>
Net depreciable property and equipment	1,592,778
Land	<u>184,578</u>
Net property and equipment	\$ <u>1,777,356</u>

Depreciation expense for the year ended June 30, 2023 totaled \$67,680.

NOTE 3 – COMPLIANCE WITH LOAN COVENANTS

The loan agreement contains a requirement that United Way must deposit with Merchants and Farmers Bank & Trust a compensating balance totaling 20% of the original loan amount in a non-interest-bearing demand deposit account. The Organization met this required loan covenant.

NOTE 4 – FAIR VALUE MEASUREMENTS

The United Way has a number of financial instruments, none of which is held for trading purposes. The United Way estimates that the fair value of all financial instruments as of June 30, 2023, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the United Way using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the United Way could realize in a current market exchange. The recorded values of cash and cash equivalents, receivables, prepaid expenses, deposits, accounts payable and accrued expenses, and donor designations payable approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

The United Way maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the United Way's uninsured cash balances total \$69,431.

The United Way has outstanding promises to give from individuals and companies in Southwest Louisiana. The United Way was exposed to a regional concentration of credit risk in the amount of \$1,503,354 at June 30, 2023.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2023

NOTE 6 - RETIREMENT BENEFITS

The United Way sponsors a 401(a) defined contribution plan and tax-deferred annuity plan that covers all eligible employees. Eligible employees include persons with one year of service with a minimum age of 21 years. Employer contributions for the 401(a) plan shall be 10% of the participant's compensation for the plan year. Employees have the option to contribute to the tax-deferred annuity plan from 1% of salary to the maximum amount permitted by law. Total costs and employer contributions for the year ended June 30, 2023 were \$84,725.

NOTE 7 - BOARD COMPENSATION

Members of the United Way's Board of Directors receive no compensation and are reimbursed only for any expenses incurred related to the United Way's business which must have appropriate supporting documentation.

NOTE 8 - INVESTMENTS

The United Way applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the United Way has the ability to access.

Level 2 inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

As of June 30, 2023, the United Way's investments measured on a recurring basis consisted of certificates of deposit with fair market value (Level 2) and costs bases as follows:

	Cost	Fair Value	Unrealized Loss
Certificates of Deposit (Level 2 Cost Basis)	\$ 969,000	\$ 967,124	\$ (1,876)

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 9 – NOTE PAYABLE

At June 30, 2023, the United Way had the following note payable:

Merchant & Farmers Bank & Trust:

Mortgage note payable dated September 30, 2016 in the amount of \$1,440,000; due in 239 installments of \$9,016.25 upon demand or loan maturity on October 1, 2036; bearing fixed interest of 4.375%, collateralized by real estate and deposit accounts.

\$ 523,562

Less current portion

87,059

Long-term portion

\$ 436,503

Maturities of debt are as follows:

June 30,	Amount
2024	\$ 87,059
2025	90,945
2026	95,005
2027	99,246
2028	103,676
Thereafter	<u>47,631</u>
Total	<u>\$ 523,562</u>

NOTE 10 - SUBSEQUENT EVENTS

The United Way evaluated its June 30, 2023 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The United Way is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The United Way has \$8,880,129 of cash financial assets available within one year of the statement of financial position date to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The United Way has a goal to maintain financial assets which consist of cash on hand and investments to meet 60 days of normal operating expenses, which are, on average, approximately \$350,000. The United Way has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the United Way deposits cash in excess of daily requirements in interest bearing certificates of deposit.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 12 – COMMUNITY INITIATIVES

Economic Mobility

United Way SWLA hosted 9 Volunteer Income Tax Assistance (VITA) sites across the five-parish area with a total economic impact of \$4.75 million. Promoting the Earned Income Tax Credit (EITC) and free tax preparation services, the VITA program is a partnership between United Way SWLA, the IRS, and other community partners. Community volunteers are trained and certified to prepare basic income tax returns. Approximately 2,181 federal and state returns were prepared in the 2022-2023 tax season. The program is supported by a grant from the IRS, Entergy, and Capital One.

With funding from the Louisiana Department of Public Safety & Corrections, United Way SWLA partners with local non-profits and agencies to implement the Calcasieu Prisoner Reentry Initiative. This initiative builds a collaborative network of support, services, housing, and transportation to high or moderate risk offenders returning to Calcasieu Parish. As of fiscal year end, 47 individuals were enrolled in this program.

Education

United Way SWLA participates with Dolly Parton's Imagination Library to provide free books for children birth to age 5. Children across our service area receive a free book each month, helping to build their home library and encourage lifelong literacy skills. For the 2022-2023 year, 30,462 books were sent out.

Literacy Kits for local Head Starts and Elementary students were assembled by community volunteers. The kits are designed for specific grades and range from STEM to art and anti-bullying. Each kit contains one book, volunteer designed props, games, or other activities to make the reading interactive. For the 2022-2023 year, 1,000 kits were distributed.

Summer of Service program is designed for volunteers ages 13 to 18. Youth volunteers will aid United Way of Southwest Louisiana staff with projects in our community. For 2022-2023 fiscal year, 110 youth volunteered with projects in Allen and Calcasieu Parish.

Health

United Way SWLA funds and maintains a texting hotline for youth ages 13-22, 833.TXT.TEEN. Crisis intervention specialists can provide emotional support, information and/or referrals to community resources, and crisis intervention as needed. Along with the text line, United Way SWLA offers a Crisis Online Chat. The online chat is for anyone who is going through a difficult time, having thoughts about suicide, or just needing to talk to someone. It is confidential and operated by professionally licensed crisis intervention specialists. 1,432 individuals were helped with these programs for the fiscal year 2022-2023.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Notes to Financial Statements
June 30, 2023

NOTE 12 – COMMUNITY INITIATIVES (Continued)

Health (Continued)

In an effort to be United Against Child Hunger, United Way provided 6,000 packages to children enrolled in the summer feeding program through the Calcasieu Parish Police Jury. Local companies collect food from a list of child-friendly, ready-to-serve items. These items are packaged by volunteers on UWSWLA Day of Caring and bags are then provided to children for weekend meals.

Basic Needs

United Way 2-1-1/UWSWLA is an easy to remember phone number that links people in need to relevant information. When individuals call, they speak with a trained information and referral specialist who helps them navigate the complex maze of human services. The phone number is available 24 hours a day, 7 days a week, and even during a disaster. United Way 2-1-1/UWSWLA now offers a text number 898-211. United Way 2-1-1/UWSWLA services the parishes of Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis. It is funded and maintained by United Way SWLA. For the 2022-2023 year, 25,739 calls/texts were handled, with housing, utilities, and food being the top needs.

In fiscal year 2022-2023, United Way SWLA partnered with the Calcasieu Parish Policy Jury Human Services Department to assist with the case management of the Emergency Rental Assistance Program (ERAP). The ERAP provides direct financial assistance, including rent, rental arrears, utilities, and other expenses related to housing. With United Way SWLA assistance, 965 cases were worked.

Louisiana Department of Children & Family Services administers the Temporary Assistance for Needy Families program (TANF). TANF provides short-term assistance to meet an individual's basic needs (i.e., food, clothing, housing, utilities, transportation, and childcare). For fiscal year 2022-2023, United Way SWLA was awarded \$250,000 to administer case management to determine qualification to assist eligible individuals in our five-parish community.

NOTE 13 – CONTINGENCIES

Amounts received or receivable from grantor or contractor agencies are subject to audit and adjustment by grantor and contractor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor or contractor cannot be determined at this time although the United Way expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

SUPPLEMENTAL INFORMATION

United Way of Southwest Louisiana, Inc.
Agency Allocations and Community Services
For the Year Ended June 30, 2023

	<u>Actual</u>	<u>Budget</u>
Assist Agency	\$ 10,000	\$ 10,000
Beauregard A.R.C.	10,000	10,000
Beauregard Community Concerns	50,000	50,000
Beauregard Council on Aging	41,000	41,000
Big Brothers Big Sisters	45,000	45,000
Boys & Girls Club of Acadiana	15,000	15,000
Business Disaster and Recovery	40,700	40,700
McNeese Foundation - KDCC	60,000	60,000
Calcasieu Council on Aging	38,000	38,000
Oasis a Safe Haven	10,000	10,000
Girlie Girls Mentoring	18,000	18,000
Community Partners	188,633	188,633
Family & Youth Counseling	60,000	60,000
Girl Scouts	10,000	10,000
Diocese of Lake Charles - Catholic Charities	38,800	38,800
Junior Achievement	17,500	17,500
Literacy Council of Southwest Louisiana	10,000	10,000
Salvation Army	20,000	20,000
Southwest Louisiana Law Center	10,000	10,000
CADA-Jeff Davis Communities Against Domestic Abuse	15,000	15,000
Merryville Community Health Center	15,000	15,000
Project Build a Future	26,000	26,000
St. Nicholas Center for Children	60,000	60,000
United Way Programs	2,975,758	2,975,758
Louisiana Association of United Way Dues	22,535	22,535
United Way Worldwide	44,962	44,962
	<u>\$ 3,851,888</u>	<u>\$ 3,851,888</u>

United Way of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

June 30, 2023

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head Name: Denise Durel, Executive Director

Purpose	Amount
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Benefits-Life, ADD, LTD	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements – Auto Mileage Reimb	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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INDEPENDENT AUDITOR'S 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, LA

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 Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southwest Louisiana, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Southwest Louisiana, Inc.'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 weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Southwest Louisiana, Inc.'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 statements. 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
October 26, 2023

UNITED WAY OF SOUTHWEST LOUISIANA, INC.
Schedule of Findings and Responses
June 30, 2023

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Significant deficiencies and material weaknesses in internal control – none reported.
3. Noncompliance material to the financial statements – none reported.

B. GAGAS Finding:

None reported.

C. Prior Year Findings:

None reported.

STEVEN M DEROUEN & ASSOCIATES LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of United Way of Southwest Louisiana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. United Way of Southwest Louisiana, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

United Way of Southwest Louisiana, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- viii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Were any exceptions found? - No

We performed the Information Technology Disaster Recovery/Business Continuity procedure (1Axi) and discussed the results with management.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Were any exceptions found? - No

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Were any exceptions found? – No

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

These procedures are not applicable to the public funds administered by this non-profit organization.

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Were any exceptions found? - No

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Were any exceptions found? - No

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Were any exceptions found? - No

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Were any exceptions found? - No

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning

leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or officials' cumulative leave records, agree the pay rates to the employee's or officials' authorized pay rates in the employee's or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Were any exceptions found? - No

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

These procedures are not applicable to this non-profit organization.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

These procedures are not applicable to the public funds administered by this non-profit organization.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Were any exceptions found? - No

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

14) Prevention Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

These procedures are not applicable to this non-profit organization.

We were engaged by United Way of Southwest Louisiana, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of United Way of Southwest Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Steven M DeRouen & Associates LLC

Lake Charles, Louisiana
October 26, 2023