



United Way of Northwest Louisiana

FINANCIAL STATEMENTS

December 31, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Northwest Louisiana
Shreveport, Louisiana

We have audited the accompanying financial statements of United Way of Northwest Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northwest Louisiana as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Northwest Louisiana's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary and Other Information

Our audit was conducted for forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes ("LRS") 24:513(A)(3) on page 18 for purposes of additional analysis and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of United Way of Northwest Louisiana'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 Northwest Louisiana'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 Northwest Louisiana's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

April 30, 2021

**United Way of Northwest Louisiana
Statements of Financial Position**

| <i>For the years ended December 31,</i> | 2020 | 2019 |
|---|---------------------|--------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 254,474 | \$ 181,562 |
| Certificates of deposit | 201,926 | 126,960 |
| Pledge receivables, net | 418,675 | 541,652 |
| Grant receivable | 142,646 | 105,451 |
| Prepaid expenses and other assets | 75,278 | 13,173 |
| Total current assets | 1,092,999 | 968,798 |
| Non-current assets | | |
| Property and equipment, net | 33,043 | 27,262 |
| Beneficial interest in assets of foundation | 294,767 | 283,542 |
| Assets held as agent | 136,173 | 189,154 |
| Total non-current assets | 463,983 | 499,958 |
| Total assets | \$ 1,556,982 | \$ 1,468,756 |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable | \$ 104,227 | \$ 26,587 |
| Accrued expenses | 106,163 | 86,348 |
| Long-term debt - current portion | 85,169 | - |
| Total current liabilities | 295,559 | 112,935 |
| Long-term liabilities | | |
| Liabilities for assets held as agent | 280,656 | 336,631 |
| Long-term debt - noncurrent portion | 74,181 | - |
| Total long-term liabilities | 354,837 | 336,631 |
| Total liabilities | 650,396 | 449,566 |
| Net assets | | |
| Without donor restrictions | 603,906 | 745,643 |
| With donor restrictions | 302,680 | 273,548 |
| Total net assets | 906,586 | 1,019,190 |
| Total liabilities and net assets | \$ 1,556,982 | \$ 1,468,756 |

The accompanying notes are an integral part of these financial statements.

United Way of Northwest Louisiana
Statements of Activities
(With Summarized Comparative Totals for 2019)

| <i>For the years ended December 31,</i> | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Summarized Total |
|---|-------------------------------|----------------------------|------------------|-----------------------------|
| Support and Revenue | | | | |
| Campaign contributions, net | \$ 988,058 | \$ - | \$ 988,058 | \$ 940,428 |
| Contributions and sponsorships | 50,616 | 5,100 | 55,716 | 67,074 |
| Impact income | 31,946 | - | 31,946 | 29,725 |
| Grants | 366,055 | 603,684 | 969,739 | 325,176 |
| In-kind contributions | 124,899 | - | 124,899 | 111,075 |
| Other Revenue | | | | |
| Special events | 3,796 | - | 3,796 | 14,382 |
| Investment income | 4,734 | - | 4,734 | 4,582 |
| Miscellaneous income | 27,782 | - | 27,782 | 21,214 |
| Net realized and unrealized gain(loss) on endowment | 20,178 | - | 20,178 | 33,059 |
| Total revenue and other support | 1,618,064 | 608,784 | 2,226,848 | 1,546,715 |
| | | | | |
| Total net assets released from restriction | 882,332 | (882,332) | - | - |
| | | | | |
| Total support and other revenue | 2,500,396 | (273,548) | 2,226,848 | 1,546,715 |
| Expenses | | | | |
| <i>Program services</i> | | | | |
| Impact program and allocations | 1,518,308 | - | 1,518,308 | 1,419,063 |
| Financial Empowerment Center | 236,920 | - | 236,920 | |
| Total program services | 1,755,228 | - | 1,755,228 | 1,419,063 |
| <i>Supporting services</i> | | | | |
| General and administrative | 234,219 | - | 234,219 | 259,732 |
| Resource development | 316,118 | - | 316,118 | 276,658 |
| Payments to affiliated organizations | 33,887 | - | 33,887 | 22,530 |
| Total supporting services | 584,224 | - | 584,224 | 558,920 |
| | | | | |
| Total expenses | 2,339,452 | - | 2,339,452 | 1,977,983 |
| | | | | |
| Change in Net Assets | 160,944 | (273,548) | (112,604) | (431,268) |
| | | | | |
| Net assets at beginning of year | 745,642 | 273,548 | 1,019,190 | 1,450,458 |
| | | | | |
| Net assets at end of year | \$ 906,586 | \$ - | \$ 906,586 | \$ 1,019,190 |

The accompanying notes are an integral part of these financial statements.

United Way of Northwest Louisiana
Statements of Functional Expenses
(With Summarized Comparative Totals for 2019)

| <i>For the Year Ended December 31,</i> | 2020 | | | | | | 2019 | |
|--|--------------------------------|------------------------------|---------------------|----------------------|---------------------------|----------------|---------------|--|
| | Program Services | | Supporting Services | | | Total Expenses | Summary Total | |
| | Impact Program and Allocations | Financial Empowerment Center | Administrative | Resource Development | Total Supporting Services | | | |
| Salaries and related expenses | | | | | | | | |
| Salaries | \$ 385,960 | \$ 144,124 | \$ 92,826 | \$ 158,781 | \$ 251,607 | \$ 781,691 | \$ 640,934 | |
| Insurance | 38,182 | 14,258 | 9,183 | 15,708 | 24,890.59 | 77,330 | 54,693 | |
| Retirement | 25,991 | 9,706 | 6,251 | 10,693 | 16,943.50 | 52,640 | 34,365 | |
| Payroll taxes | 30,867 | 11,526 | 7,424 | 12,699 | 20,122 | 62,516 | 51,231 | |
| Workmen's compensation insurance | 1,698 | 634 | 408 | 698 | 1,107 | 3,438 | 3,001 | |
| Total salaries and related expenses | 482,697 | 180,248 | 116,092 | 198,578 | 314,670 | 977,615 | 784,224 | |
| Other operating expenses | | | | | | | | |
| Allocations to agencies | 97,719 | - | - | - | - | 97,719 | 188,105 | |
| United Way programs | 756,264 | - | - | - | - | 756,264 | 500,338 | |
| Professional fees | 12,717 | 5,313 | 44,357 | 14,984 | 59,341 | 77,371 | 91,605 | |
| Office supplies and expense | 9,412 | 1,009 | 3,783 | 3,456 | 7,239 | 17,660 | 16,718 | |
| Telephone | 3,094 | 4,340 | 4,135 | 8,181 | 12,316 | 19,750 | 21,288 | |
| Postage | 795 | 428 | 1,061 | 1,021 | 2,082 | 3,305 | 3,211 | |
| Building | 71,969 | 26,874 | 17,309 | 29,607 | 46,916 | 145,759 | 93,168 | |
| Liability insurance | - | - | 15,210 | - | 15,210 | 15,210 | 14,297 | |
| Equipment rent and maintenance | 8,144 | 5,127 | 7,366 | 12,299 | 19,665 | 32,936 | 21,696 | |
| Advertising | 39,640 | 6,466 | 117 | 14,750 | 14,867 | 60,973 | 71,620 | |
| Printing | 10,033 | 1,673 | 1,430 | 5,400 | 6,830 | 18,536 | 24,255 | |
| Awards | 2,973 | 66 | 1,851 | 2,119 | 3,970 | 7,009 | 2,843 | |
| Films | - | - | - | 1,000 | 1,000 | 1,000 | 150 | |
| Dues and subscriptions | 11,914 | 2,230 | 8,751 | 8,274 | 17,025 | 31,169 | 7,252 | |
| Vehicle expenses | 1,642 | 57 | 1,617 | 1,311 | 2,928 | 4,627 | 17,143 | |
| Meetings | 805 | 327 | 1,132 | 2,234 | 3,366 | 4,498 | 9,727 | |
| Special events | 1,051 | 33 | 15 | 6,698 | 6,713 | 7,797 | 53,749 | |
| Conferences and training | 3,960 | 1,430 | 2,658 | 4,774 | 7,432 | 12,822 | 23,737 | |
| Depreciation expense | 3,479 | 1,299 | 837 | 1,431 | 2,268 | 7,046 | 6,376 | |
| Miscellaneous | - | - | 6,499 | - | 6,499 | 6,499 | 3,951 | |
| Payments to affiliated organizations | 9,571 | - | 24,316 | - | 24,316 | 33,887 | 22,530 | |
| Total other operating expenses | 1,045,181 | 56,672 | 142,444 | 117,540 | 259,983 | 1,361,837 | 1,193,759 | |
| Total expenses | \$ 1,527,879 | \$ 236,920 | \$ 258,535 | \$ 316,118 | \$ 574,653 | \$ 2,339,452 | \$ 1,977,983 | |

The accompanying notes are an integral part of these financial statements.

United Way of Northwest Louisiana Statements of Cash Flows

| <i>For the year ended December 31,</i> | 2020 | 2019 |
|--|-------------------|--------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (112,604) | \$ (431,268) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 7,046 | 6,376 |
| Unrealized (gain)loss on investments | (20,178) | (33,059) |
| Loss on disposal of assets | 1,320 | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in pledges receivable | 122,977 | 283,086 |
| (Increase) decrease in grant receivable | (37,195) | (55,451) |
| (Increase) decrease in prepaid expenses | (62,105) | (4,650) |
| (Increase) decrease in beneficial interest in assets of foundation | 8,953 | 8,915 |
| Increase (decrease) in accounts payable | 77,640 | 15,828 |
| Increase (decrease) in accrued expenses | 19,815 | 59,986 |
| Net change in net assets held as agent | (2,994) | 42,032 |
| Net cash provided by (used in) operating activities | 2,675 | (108,205) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (14,147) | (26,915) |
| Redemption of certificates of deposit | 50,260 | 107,464 |
| Purchase of certificates of deposit | (125,226) | - |
| Net cash provided by (used in) investing activities | (89,113) | 80,549 |
| Cash flows from financing activities | | |
| Net activity from line of credit | 150 | |
| Proceeds from PPP loan | 159,200 | - |
| Net cash provided by (used in) financing activities | 159,350 | - |
| Net increase (decrease) in cash | 72,912 | (27,656) |
| Cash at beginning of year | 181,562 | 209,218 |
| Cash at end of year | \$ 254,474 | \$ 181,562 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ - | \$ 769 |
| Supplemental disclosure of non-cash activities | | |
| In-kind donation - Advertising | \$ - | \$ 1,200 |
| In-kind donation - Special events | \$ 1,434 | \$ 31,293 |
| In-kind donation - Rent | \$ 112,016 | \$ 74,516 |
| In-kind donation - Furniture | \$ - | \$ 4,066 |
| In-kind donation - Impact supplies | \$ 11,449 | \$ - |

The accompanying notes are an integral part of these financial statements.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

The United Way of Northwest Louisiana (“United Way” or “Organization”) is a public nonprofit organization, exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, which was organized in 1921 to serve organizations in Caddo, Bossier, Webster, Bienville, Claiborne, DeSoto, Red River, Natchitoches, Sabine and Winn parishes. Annual, centralized workplace campaigns are conducted in the fall each year to raise support for grant allocations in the subsequent calendar year. Grants are made by United Way for charitable, educational and civic purposes based on requests from organizations seeking funding.

In addition to grant allocations, United Way operates several internal programs including a Volunteer Center for NWLA, Dolly Parton’s Imagination Library program, Bank on Northwest Louisiana, FamilyWise Prescription Assistance program, the Volunteer Income Tax Assistance program, and the Financial Empowerment Center.

United Way is a proud partner of Louisiana 211 and works closely with the Louisiana Association of United Ways to bring this service to our area and is a partner of EXIT-318, a collaborative effort between other nonprofits.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis 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 (U.S. GAAP) and presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. United Way did not have any cash equivalents at December 31, 2020 and 2019.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donor restricted pledges are not recognized as revenue because the Organization acts as an intermediary between the donor and the ultimate beneficiary, only, as required by FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. All specific donor designated donations fall under this designation. A liability is recognized as opposed to revenue as these are classified as agency transactions.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable, when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

Beneficial Interest in Assets of Foundation

Transfers of its funds to the Community Foundation of Shreveport-Bossier, specifying United Way as the beneficiary, are accounted for as an asset, in accordance with generally accepted accounting principles, and presented in these statements of financial position in the caption beneficial interest in assets of foundation.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Under the provisions of FASB ASU 2016-14, net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Without donor restrictions – Net assets which are not subject to donor-imposed restrictions are considered unrestricted. Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operation purposes.

With donor restrictions – Net assets which are subject to donor-imposed restrictions which may or will be met either by actions of United Way and/or passage of time.

United Way reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Program service fees and payments under cost-reimbursable contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Company recognized revenue when received or event has occurred and collectability was reasonably assured.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Materials and event space are contributed to United Way including advertising, rental, equipment and fundraising items. In-kind contributions recorded on the books for rent, advertising and materials to United Way for the year ended December 31, 2020 and 2019, were \$124,899 and \$111,075, respectively

United Way of Northwest Louisiana Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. A portion of administrative costs that benefit multiple functional areas (indirect costs such as rent and depreciation expense) have been allocated across programs and other support services based on proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2020 and 2019, advertising costs totaled \$60,973 and \$71,620, respectively.

Income Taxes

United Way is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as a public society benefit described in IRC Section 501(c)(3). Accordingly, there is no provision for income; however, should United Way engage in activities unrelated to its exempt purpose, taxable income could result. United Way had no material unrelated business income for the calendar year ended December 31, 2020. On July 1, 2009, United Way adopted the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB ASC, which clarifies the accounting and recognition for income tax positions taken or expected to be taken. United Way is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2021 and determined there were no events that occurred that required disclosure.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This change in accounting principal did not have a material impact on the financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. Effective January 1, 2019, the Organization adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment to retained earnings recognized upon adoption. Therefore, the 2018 financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. There was no cumulative adjustment recorded upon adoption of ASC 606.

Note 3: FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

| <i>For the year ended December 31,</i> | 2020 | 2019 |
|--|-------------|------------|
| Financial assets, at year-end | \$ 887,340 | \$ 781,218 |
| Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions | | |
| Board designated beneficial interest in assets of foundation | (294,767) | (283,542) |
| Assets held by United Way of Northwest Louisiana as an agent | (136,173) | (189,154) |
| Financial assets available to meet cash needs for general expenditures | \$ 456,400 | \$ 308,522 |

United Way of Northwest Louisiana Notes to the Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY (Continued)

Financial assets at year-end as noted in the above schedule exclude property and equipment and prepaid expenses.

Note 4: PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2020, consist of the following:

| | Pledges Receivable | Less Allowance for Uncollectibles | Net |
|---------------|-----------------------|--------------------------------------|-------------------|
| 2019 Campaign | \$ 243,270 | \$ (112,911) | \$ 130,359 |
| 2020 Campaign | 314,613 | (26,297) | 288,316 |
| Total | \$ 557,883 | \$ (139,208) | \$ 418,675 |

Pledges receivable as of December 31, 2019, consist of the following:

| | Pledges Receivable | Less Allowance for Uncollectibles | Net |
|---------------|-----------------------|--------------------------------------|-------------------|
| 2018 Campaign | \$ 258,746 | \$ (35,698) | \$ 223,048 |
| 2019 Campaign | 711,766 | (110,076) | 601,690 |
| Total | \$ 970,512 | \$ (145,774) | \$ 824,738 |

Note 5: PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019, consist of the following:

| | Estimated Useful Lives (in years) | 2020 | 2019 |
|------------------------------------|--------------------------------------|------------------|------------------|
| Furniture and fixtures | 5-10 | \$ 6,006 | \$ 6,006 |
| Equipment | 5-10 | 7,000 | 12,750 |
| Software | 3 | 44,793 | 44,282 |
| Total property and equipment | | 57,799 | 63,038 |
| Less accumulated depreciation | | (24,756) | (35,776) |
| Property and equipment, net | | \$ 33,043 | \$ 27,262 |

Depreciation expense for the years ended December 31, 2020 and 2019 was \$7,046 and \$6,376, respectively.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 6: LONG-TERM DEBT

Long-term debt consists of a Paycheck Protection Program (PPP) loan in the amount of \$159,200 dated April 23, 2020. The loan is administered by the U.S. Small Business Administration (SBA) and serviced by Hope Federal Credit Union. The loan is forgivable by the SBA if the forgiveness criteria is met. If not forgiven, the loan has a two-year maturity, bearing interest at 1%, with payments deferred for sixteen months. See Note 12. There was no interest expense related to the loan for the year ended December 31, 2020.

Principal maturities in subsequent years ending December 31, 2020 are as follows:

| | | |
|-------|----|---------|
| 2021 | \$ | 85,169 |
| 2022 | | 74,031 |
| <hr/> | | |
| Total | \$ | 159,200 |
| <hr/> | | |

There was no long-term debt outstanding at December 31, 2019.

Note 7: LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$60,000 with an interest rate of 5.750%, secured by state contract with Department of Public Safety and Corrections. The credit line expires in 2022. The outstanding balance as of December 31, 2020 and 2019, was \$150 and \$-0- respectively.

Note 8: NET ASSETS

Net assets with donor restrictions are made up of grants and contributions that have been restricted for use by the grantors and contributors. The net asset with donor restrictions balance of \$0 and \$273,548 as of December 31, 2020 and 2019, respectively. The purpose of the donor restrictions are for economic self-sufficiency programs, initiatives to benefit children and families, training programs, and research projects.

Note 9: FAIR VALUE MEASUREMENTS

FASB ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 9: FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given both to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended December 31, 2020 and 2019:

| <i>December 31, 2020</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Beneficial interest in assets of foundation | \$ - | \$ - | \$ 294,767 | \$ 294,767 |
| Total investments at fair value | \$ - | \$ - | \$ 294,767 | \$ 294,767 |

| <i>December 31, 2019</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Beneficial interest in assets of foundation | \$ - | \$ - | \$ 283,542 | \$ 283,542 |
| Total investments at fair value | \$ - | \$ - | \$ 283,542 | \$ 283,542 |

Note 10: CONCENTRATIONS OF CREDIT RISK

Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2020 and 2019, United Way had \$0 in excess of FDIC insured limits.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 11: COMMITMENTS

United Way entered into a lease agreement in June 2013 with McInnis Rentals, LLC for office space in Minden, Louisiana that expired in June 2016 and continues month to month at a below market rental rate of \$10 annually. The estimated fair market value is approximately \$50,000 per year, which is forgiven as an act of donation. At the end of March 2019, United Way closed the Minden office. United Way continues to lease space in Minden center for sublease income.

United Way entered into a lease agreement in March 2014 with Willis-Knighton Medical Center for office space in Shreveport, Louisiana that expired in February 2016 with an automatic annual renewal. The agreement is for monthly rental of \$5,000, which is forgiven as an act of donation.

United Way entered into various lease agreements for copiers and phones that currently are set to expire in 2024. The agreements in the aggregate total monthly rental payments of \$1,087 and shown as equipment rent and maintenance on the statement of functional expenses.

United Way entered into lease agreement in October 2019 with Willis-Knighton Medical Center for additional office space in Shreveport, Louisiana that expired in September 2020. The lease was not renewed but continues on a monthly basis. The agreement is for monthly rental expense of \$1,898, which is shown as building expenses on the statement of functional expenses.

Minimum lease payments under noncancellable operating leases are as follows:

For the years ending December 31,

| | | |
|-------------------------------------|----|-----------|
| 2021 | \$ | 12,627 |
| 2022 | | 10,188 |
| 2023 | | 8,508 |
| 2024 | | 5,483 |
| 2025 | | - |
| Thereafter | | - |
| Total future minimum lease payments | | \$ 36,806 |

Rent expense for the years ended December 31, 2020 and 2019 was \$134,792 and \$74,516, respectively.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 12: PAYCHECK PROTECTION PROGRAM

On April 23, 2020, United Way qualified for and received a loan in the amount of \$159,500 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP provides small businesses and nonprofits with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

The loan is a two year loan with a maturity date of April 23, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first sixteen monthly payments deferred. It is United Way's intent to apply for loan forgiveness under the provisions of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. United Way is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. United Way used all loan proceeds to partially subsidize direct payroll expenses.

To the extent that all or part of the PPP Loan is not forgiven, United Way will be required to pay interest on the PPP Loan at a rate of 1% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. United Way has applied for loan forgiveness which is still in process as of March 30, 2021.

Note 13: RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan, established June 1, 1995, and is required to contribute seven percent (7%) of the employee's compensation to the plan. Thereafter, United Way may match, dependent on funding, up to 3% of an employee's voluntary contributions to the plan. Employees are eligible to participate in the plan after one year of employment. Employees are fully vested after three years of participation. Employee contributions are limited by federal tax legislation. The statutory limit for 2020 for employee contributions is \$19,000. Participants who have attained age 50 by the end of the calendar year are eligible to contribute an additional \$6,000 as catch-up contributions. Employer contributions to the plan in 2020 and 2019 were \$52,641 and \$34,365, respectively.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 14: SUMMARY OF ALLOCATIONS TO AGENCIES

A summary of the disbursements to the participating agencies (presented alphabetically) of the United Way of Northwest Louisiana for the year ended December 31, 2020, is as follows:

| Agency | Allocations | Agency | Allocations |
|---------------------------------------|-------------|---|-------------|
| American Cancer Society | \$ 235 | Christian Services | \$ 129 |
| American Diabetes Association | 5 | Church of the Holy Cross | 170 |
| American Heart Association | 18 | Commond Ground Community | 117 |
| American Red Cross | 767 | Community Renewal International | 2,650 |
| Arkansas Children's Hospital | 21 | Cover 6 Outdoors | 55 |
| ASPCA | 16 | Cystic Fibrosis Foundation | 57 |
| Autism Society of Louisiana | 179 | D.A.R.T. (Domestic Abuse Resistance Team) | 100 |
| Beat the Streets | 21 | David Raines Community Health Center | 114 |
| Bethesda Missionary Baptist Church | 11 | Department of Exceptional Children | 11 |
| Booker T Washington High School | 94 | DeSoto Council on Aging | 114 |
| Bossier Arts Council | 77 | Desoto Parish Fellowship Church | 107 |
| Bossier Council on Aging | 1,619 | Dress for Success | 9 |
| Broadmoor Baptist Church | 818 | Easter Seals | 12 |
| Broadmoor United Methodist Church | 11 | Easter Seals of Louisiana | 24 |
| Brookwood Baptist Church | 12 | Eighty-First Street ECE | 350 |
| Bryant Temple Church of God in Christ | 9 | Emergency Food & Shelter Program | 22 |
| C. Wright Pink Ribbon Project | 47 | Evangel Christian Academy Football | 11 |
| Caddo Council on Aging | 4,768 | Evergreen Presbyterian Ministries Inc | 1,875 |
| Calvary Baptist Academy - K3 | 46 | Ezekiel's Temple Ministries | 85 |
| Camp Rainman | 1,381 | Family Resources for Education | 55 |
| Campti Community Development Center | 1,875 | First Baptist Benton Deaf Ministry | 64 |
| Capital Area United Way | 51 | First Baptist Church Blanchard Louisiana | 11 |
| Capital One Bank | 16 | Food Bank of Central Louisiana | 542 |
| Care Pregnancy Center | 6 | Food Bank of Northwest Louisiana | 6,703 |
| Catholic Charities of Norh Louisiana | 5,625 | Ford Park Baptist Church | 21 |
| Catholic Charities of Shreveport | 1,358 | Fresh Oil Worship Center | 16 |
| Charge Syndrome Foundation | 5 | Funds for a Purpose | 54 |
| Cherokee Park Elementary | 98 | Geaux 4 Kids | 6 |
| Children's Miracle Network | 11 | Geaux Bags | 207 |
| Chimp Haven | 17 | Gingerbread House | 7,822 |
| Chris Kyle Foundation | 89 | Goldman School | 20 |
| Christ Fit Gym | 488 | Goodwill Industries of North Louisiana | 10,395 |
| Christian Service Program Institute | 6,563 | Grace Family Worship Center | 16 |

(continued)

United Way of Northwest Louisiana Notes to the Financial Statements

Note 14: SUMMARY OF ALLOCATIONS TO AGENCIES (Continued)

| Agency | Allocations | Agency | Allocations |
|--|-------------|---|-------------|
| Habitat for Humanity | \$ 30 | Minor Basilica of the Immaculate | \$ 5 |
| HAP House | 66 | Mobberly Baptist Church | 774 |
| Heart of Hope Ministries | 208 | Mooretown Professional Development | 244 |
| Hollywood Baptist Church | 11 | Morning Star Baptist Church | 1 |
| Holy Angels Residential Facility | 2,161 | Mount Olive Baptist Church | 21 |
| Hope Connections | 2,508 | MPact for Mankind Inc. | 36 |
| Hope for the Homeless | 138 | Mt Paran Missionary Baptist Church | 21 |
| Hope House | 38 | Muscular Dystrophy Association | 188 |
| Hub Urban Ministries | 1,699 | Natchitoches Council on Aging | 184 |
| Humane Society of Northwest Louisiana | 829 | Natchitoches Parish Council on Aging | 2,194 |
| Iberia Comprehensive Community Health | 1,875 | National Down Syndrome Society | 3 |
| Jehovah's Witnesses Sunset Congregation | 21 | Navy Seal Foundation | 111 |
| Jewel House | 142 | New Bethel Missionary Baptist | 9 |
| Jobs for America's Graduates | 11 | Ninna's Road to Rescue | 171 |
| Joe LeBlanc Food Bank | 166 | Norris Ferry Community Church | 7,219 |
| Junior Achievement | 110 | North Point United Methodist Church | 11 |
| Junior Diabetes Research Foundation | 85 | Northwest Louisiana Food Bank | 3,035 |
| Just Believe Training | 53 | Northwest Louisiana Pregnancy Care Center | 138 |
| Juvenile Diabetes Foundation | 110 | Norwela Council Boy Scouts | 1,548 |
| KIDZ, Valley of Hope Center | 17 | Oil City Rotary Club | 578 |
| Kings Highway Christian Church | 9 | Omega Psi Phi | 176 |
| Lake Bethlehem Baptist Church | 9 | Open Hands Deaf Service | 102 |
| Legal Services of North LA, Inc. | 34 | Open Range Fellowship Church | 11 |
| Lifeshare Blood Center | 10 | Paradise Baptist Church | 11 |
| Literacy Volunteers at Centenary College | 2,005 | Pearls of Humanity Foundation | 51 |
| Living Word Church - Mansfield | 111 | Perfect Fit Autism Foundation Inc | 43 |
| LL Brandon Transitional Home for Boys | 53 | Philadelphia Center | 343 |
| Louisiana Association for the Blind | 123 | Philadelphia Center - Mercy Center | 91 |
| Louisiana Endowment for the Humanities | 28 | Plant a Seed in our Youth Foundation | 122 |
| Louisiana Lions Camp | 55 | Play Station Youth Fitness & Recreation | 31 |
| Louisiana Organ Procurement Agency | 3 | Pool of Siloam Medical Ministry | 48 |
| LSU Health Science - Medical Library | 11 | Port City Cat Rescue | 166 |
| LSU Health Science Foundation | 978 | Project Celebration | 12 |
| LSU Shreveport Foundation | 517 | Project Reclaim | 425 |
| Lung Cancer Research Foundation | 5 | Project Reclaim of Minden, Inc. | 2,813 |
| Lupus Foundation | 9 | Providence House | 9,761 |
| Make-A-Wish Foundation of LA | 128 | Red River Council on Aging | 21 |
| March of Dimes | 9 | Red River Wildlie Refuse | 5 |
| Martin Luther King Health Center | 4,605 | Renesting Project | 633 |
| Mary's House of Louisiana, Inc. | 42 | Renzi Education and Art Center | 1,306 |

(continued)

United Way of Northwest Louisiana Notes to the Financial Statements

Note 14: SUMMARY OF ALLOCATIONS TO AGENCIES (Continued)

| Agency | Allocations | Agency | Allocations |
|---|-------------|---|-------------|
| RHO Omega & Friends | \$ 850 | United Way of Acadiana | \$ 26 |
| Right to Play Park | 7 | United Way of Central LA | 148 |
| River Park Church | 2 | United Way of Southwest Louisiana | 300 |
| Riverside Elementary Fund | 91 | University Elementary Special | 32 |
| Rose Park Baptist - Youth Camp Fund | 17 | Vivian Church of the Nazarine | 37 |
| Roy's Kids | 48 | Volunteers for Youth Justice | 5,249 |
| Ruston High School FBLA | 84 | Volunteers for Youth Justice - Arcadia | 608 |
| Sabine Council on Aging | 15 | Volunteers for Youth Justice - Minden | 221 |
| Salvation Army Boys & Girls Club | 15 | Volunteers of America | 952 |
| Samaritan Counseling Center | 4,397 | Volunteers of America North Louisiana | 5,659 |
| School of Greatness | 32 | Warrior Network | 88 |
| Shreveport Bossier Rescue Mission | 3,727 | Webster Council on Aging | 177 |
| Shreveport Green | 1,369 | Women of Vision Inc. | 181 |
| Shriners Hospital | 1,122 | Women's Resource Center of Natchitoches | 3,329 |
| Southern Hill Elementay Fund | 128 | Woody's Home for Veterans | 106 |
| Springfield Baptist Church | 665 | Word of God Ministries | 149 |
| St. Augustine Church | 111 | Wounded Warrior Project | 1,254 |
| St. Jude's | 10,468 | YMCA of Northwest Louisiana | 447 |
| St. Luke's Mobile Medical Ministry | 271 | Youth Enrichment | 23 |
| Step Forward | 11 | YWCA | 42 |
| Summer Grove Baptist Church | 21 | Broadmoor Middle Laboratory School | 27 |
| Susan G. Komen | 88 | C. E. Byrd High School | 94 |
| Tabernacle Missionary Baptist Church | 39 | Caddo Career & Techonlogy Center Foundation | 9,036 |
| Teaching and Learning | 21 | Betty & Leonard Phillip's Deaf Action Center | 27 |
| Teen Challenge - Minden | 9 | Bossier Parish Community College Foundation | 159 |
| The Amazing Shake | 310 | Council on Alcoholism & Drug Abuse | 554 |
| The Arc of Caddo-Bossier | 1,307 | E. B. Williams Stoner Hill Lab | 189 |
| The Ben D Johnson Educational Center | 1,875 | Fairfield Elementary Magnet | 12 |
| The Children's Heart Foundation | 53 | First United Methodist Church - Shreveport | 61 |
| The Food Bank of Central Louisiana | 2,813 | First United Methodist Church Bossier City | 330 |
| The Healing Place - Shreveport | 11 | Future Business Leaders of America | 162 |
| The Life Journey Church | 663 | Girl Scouts of Louisiana | 1,065 |
| The Philadelphia Center | 100 | LSU Health Science - Feist-Weiller | 82 |
| The Salvation Army | 874 | Natchitoches Community Alliance Foundation | 258 |
| The Salvation Army Shreveport Corps | 221 | Pleasant Hill Baptist Church | 11 |
| The Simple Church | 108 | Rho Omega Chapter of Omega Psi Phi Fraternity | 595 |
| Therapeutic Arts Ministry for Alternative | 102 | Showers of Blessing Family Outreach Center | 42 |
| ThinkFirst of Ark-La-Tex Inc | 11 | Shreve Island Elementary School | 767 |
| Town of Many | 1,963 | Sickle Cell Disease Association of America | 106 |
| Trinity Heights Baptist Church | 69 | Training Education & Mediation for Students | 3,750 |
| United Christian Home | 61 | UWNWLA Fund | 2,848 |
| United Negro College Fund | 5 | | |
| | | Total agency allocations | 183,328 |
| | | Donor designations | (85,609) |
| | | Undesignated agency allocations | \$ 97,719 |

United Way of Northwest Louisiana Notes to the Financial Statements

Note 14: SUMMARY OF ALLOCATIONS TO AGENCIES (Continued)

The Organization disburses the funds raised during the campaign held during the fall of 2019 from April 2020 through March 2021. Donor designations are agency transactions recorded on the balance sheet and not reflected as income on the statement of activities.

Note 15: ASSETS HELD AS AGENT

United Way acts as financial manager for four unrelated entities and manage their bank accounts at the discretion of those other entities. United Way has no legal title to those accounts, but will be held liable for the proper management of the accounts as directed by the respective entities. Accordingly, as United Way has no discretionary authority over these accounts. As of December 31, 2020 and 2019, United Way of Northwest Louisiana maintained bank accounts for the four entities, in the amount of \$136,173 and \$189,154, respectively.

Note 16: RELATED PARTIES

During the year ended December 31, 2020, United Way maintained an operating checking account at a bank whom the local market President is serving on the board of directors of United Way.

United Way has a funding agreement with Louisiana Association of United Ways (LAUW) to maintain responsibility for 2-1-1 database management. The agreement requires monthly payments of \$11,210 to LAUW. United Way paid \$134,526 and \$134,957 in fees for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, United Way owed \$89,684 to LAUW for fees related to 2020 and prepayment of fees for the first six months of 2021.

Note 17: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION

The United Way established an endowment fund in 1998, the income of which is intended initially to help fund the cost of an additional staff member at United Way, and to eventually expand into an overall operations endowment by funding most or all of the annual cost of administering United Way. United Way transferred control of this endowment fund to the Community Foundation of Shreveport Bossier during 1999. Under the terms of the agreement, variance power and legal ownership of the funds rest with the Foundation, United Way of Northwest Louisiana is the beneficiary of the reciprocal transfer.

Net investment income and/or capital appreciation of the endowment fund must be distributed to United Way at least annually, provided the average market value is greater than the amount contributed to the fund.

United Way of Northwest Louisiana Notes to the Financial Statements

Note 17: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION (Continued)

| | 2020 | 2019 |
|----------------------------------|------------|------------|
| Beginning balance, January 1 | \$ 283,542 | \$ 259,398 |
| Contributions | 50 | - |
| Interest | 4,508 | 5,448 |
| Net realized and unrealized gain | 20,128 | 31,923 |
| Administrative fees | (2,687) | (2,670) |
| Distributions to United Way | (10,773) | (10,557) |
| Ending balance, December 31 | \$ 294,767 | \$ 283,542 |

Note 18: UNITED WAY PROGRAMS

The Organization has several internal programs influencing the community. United Way programs as of December 31, 2020 and 2019, consist of the following:

| | 2020 | 2019 |
|---|------------|------------|
| 2-1-1 | \$ 134,526 | \$ 134,956 |
| Exit 318 | 437,584 | 225,620 |
| Dolly Parton Imagination Library | 84,586 | 80,000 |
| NWLA Fund - rent and utility assistance | 99,568 | 59,762 |
| Total United Way Programs | \$ 756,264 | \$ 500,338 |

Note 19: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the School. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 20: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through April 30, 2021, the date, which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**United Way of Northwest Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2020**

Agency Head Name: Bruce Willson

| Purpose | Amount |
|----------------|---------------|
| Salary | \$ 4,386 |
| Benefits | \$ 532 |
| Reimbursements | \$ - |

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS



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Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters

To Board of Directors and Management
United Way of Northwest Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Northwest Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2020-003 as items to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way'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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

United Way's Response to Findings

United Way's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

April 30, 2021

**United Way of Northwest Louisiana
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020**

Current Year Findings

IC 2020-001 BANK RECONCILIATIONS

Condition: The December 31, 2020 Regions bank reconciliation was prepared and reviewed; however, it contained errors/omissions and didn't reconcile to general ledger.

Criteria: A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. In preparing the bank reconciliations, all items should be investigated and corrected in that period. Cash accounts should be reconciled on a monthly basis to ensure that errors or other problems are recognized and resolved on a timely basis

Cause: Unknown; the preparation and review of the bank reconciliation is inadequate

Effect: Material errors and omissions go undetected if the cash accounts are not reconciled properly and timely. Lack of proper review increases the risk of fraud. Unreconciled differences that appear immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation in the items were apparent. If small differences are not reconciled on a monthly basis, over time, they can build up to a significant amount that will be difficult to reconcile

Recommendation: We recommend that all bank accounts be reconciled completely each month prior to the preparation of the monthly financial statements. We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by an appropriate level of management. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and follow up on, and any journal entries deemed necessary as a result be recorded.

Management Response: Management has implemented a policy to void and/or reissue checks in the current period to avoid this error in the future. Management has also implemented a policy to investigate outstanding, un-cleared checks after 90 days of issuance. Bank reconciliations will continue to be reviewed monthly.

IC 2020-002 COMPLETENESS OF PLEDGES

Condition: Pledge packets are received and pledge information is entered into the pledge software; however, no controls are in place to review and approve pledges for completeness.

Criteria: Accounting standards require that all information pertaining to financial matters be recorded and tracked in the systems of the Organization.

**United Way of Northwest Louisiana
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020**

Cause: The cause of the condition is unknown

Effect: The pledge information system could be missing data due to a lack of review process for pledges received.

Recommendation: We recommend United Way implement a control to reconcile pledges received to general ledger monthly to ensure completeness of pledge transactions.

Management Response: Management agrees with recommendation. The donation logs/bank deposits, Donation Tracker reports and the general ledger will be reviewed and compared on a monthly basis. Should any discrepancies be found, the VP of Operations will communicate to the CPA firm or the Information Systems Manager of any necessary corrections and/or updates.

IC 2020-003 CORRECTIONS

Condition: In performing the audit of United Way, CRI recorded a significant number of journal entries having a material effect on the financial statements for the period under audit.

Criteria: Account reconciliations and matching of revenues and expenses should be performed in a timely manner for proper management, oversight of accounting function, and cash flows of the organization.

Cause: Amounts recorded did not properly reflect activity during the period in the appropriate general ledger accounts and reconcile to supporting documentation.

Effect: Transactions and balances are not properly recorded.

Recommendation: We recommend management implement procedures to ensure all transactions related to the reporting period be captured and properly included in the accrual basis financial statements.

Management Response: Management agrees with the recommendation. Management met with their 3rd party fee accountant to discuss the process to ensure all transactions, journal entries, and general ledger reflect activity during the reporting period. During the last quarter of the year and the first quarter of the following year, expenses will be tracked to ensure that they have been accrued for the correct financial periods. All transactions that need to be accrued across periods will be discussed with 3rd party fee accountant during the year-end close process. The Office Manager and VP of Operations will continue to review the general ledger and financial statements.

Prior Year Findings

None