



United Way of Acadiana

United Way of Acadiana, Inc.
Management's Discussion and Analysis of the Financial Report
For the Year Ended December 31, 2015

Overview of the Financial Statements

This discussion and analysis is a narrative overview and analysis of the financial activities of United Way of Acadiana, Inc. (UWA) prepared by its management for the fiscal year ended December 31, 2015, compared to the corresponding period in the prior year. The intent is to assist the reader in focusing on significant financial issues and provide an overview of the financial activity as it relates to the financial report for the year ended December 31, 2015.

Nonprofit Auditing Standards requires the presentation of four basic financial statements, as discussed below. This report also includes notes to the financial statements and other supplementary information in addition to the basic financial statements. These statements include all assets and liabilities using accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Statements of Financial Position present information on all of UWA's assets and liabilities, with the difference between the two reported as net assets for years ending December 31, 2015 and 2014. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of UWA is improving or deteriorating.

Statements of Activities report information about UWA as a whole and about its activities, including increases and decreases in unrestricted, temporarily restricted, and permanently restricted net assets.

Statements of Functional Expenses breakout the expenses for each activity or service area into greater detail by function.

Statements of Cash Flows show how changes in financial position and activities affect cash and cash equivalents and break the analysis into operating, investing, and financing activities. These statements are useful in determining the short-term viability of a company.

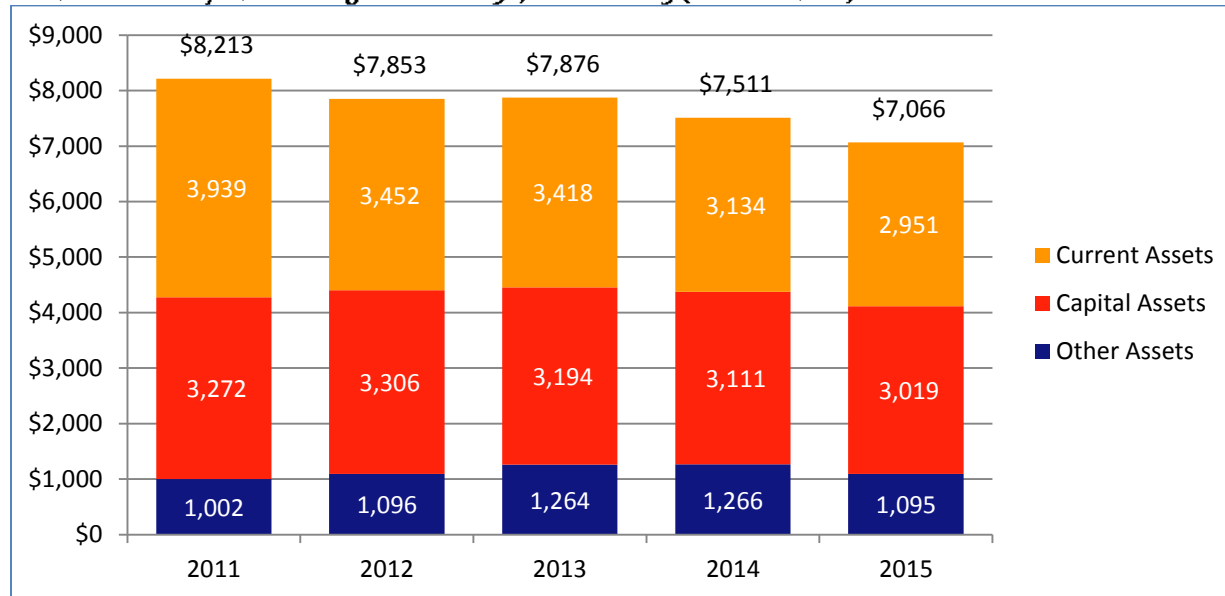
The Notes to the Financial Statements beginning on page 11 are an integral part of the financial statements and are referred to throughout the Financial Statement Analysis that follows.

Supplementary information is also presented beginning on page 38 to inform the reader.

Financial Statement Analysis

The Statements of Financial Position found on page 4 and 5 of the report provides a comparison of balances at 2015 and 2014 year end. Total assets comprised of current assets, capital assets and other assets decreased by \$444,962 in 2015. The following chart illustrates the five year trend of Total Assets broken out by group (in thousands).

Total Assets for years ending December 31, 2011 – 2015 (in thousands)



Total current assets decreased by \$182,518, net capital assets decreased by \$91,958, and other assets increased by \$170,488.

Cash and cash equivalents included in current assets increased by \$52,454 and those included in other assets decreased by \$7,700. The total increase in cash and cash equivalents of \$44,754 is outlined in the Statements of Cash Flows found on page 10. The total increase is the result of net cash used in operating activities of \$17,388 and net cash provided by investing activities of \$62,142. Supplementary schedules of cash account balances can be found on page 38.

Gross pledge receivables decreased by \$252,526, while allowances for uncollected pledges decreased by \$2,125 resulting in a decrease in net pledge receivables of \$250,401. Note 3 on page 15, provides a detailed view of the pledge receivables by campaign year.

Grants receivable of \$32,867 in 2015 and \$44,869 in 2014 are due from the US Department of Health and Human Services, Administration for Children and Families, for the Early Head Start program and were for items committed by contract or purchase order yet not expended or submitted for reimbursement.

Other receivables decreased by \$2,079. At the end of 2015, UWA had various other receivables including reimbursement from the Child and Adult Food Care Food Program of \$4,040, building rent and utility reimbursement of \$2,021, and expense reimbursements from other entities of \$6,019. There were similar receivables due at the end of 2014.

Prepaid expenses increased by \$29,690. At the end of 2015, UWA had prepaid employee health premiums of \$35,352; other insurance of \$12,910; prepaid software maintenance of \$7,322; and

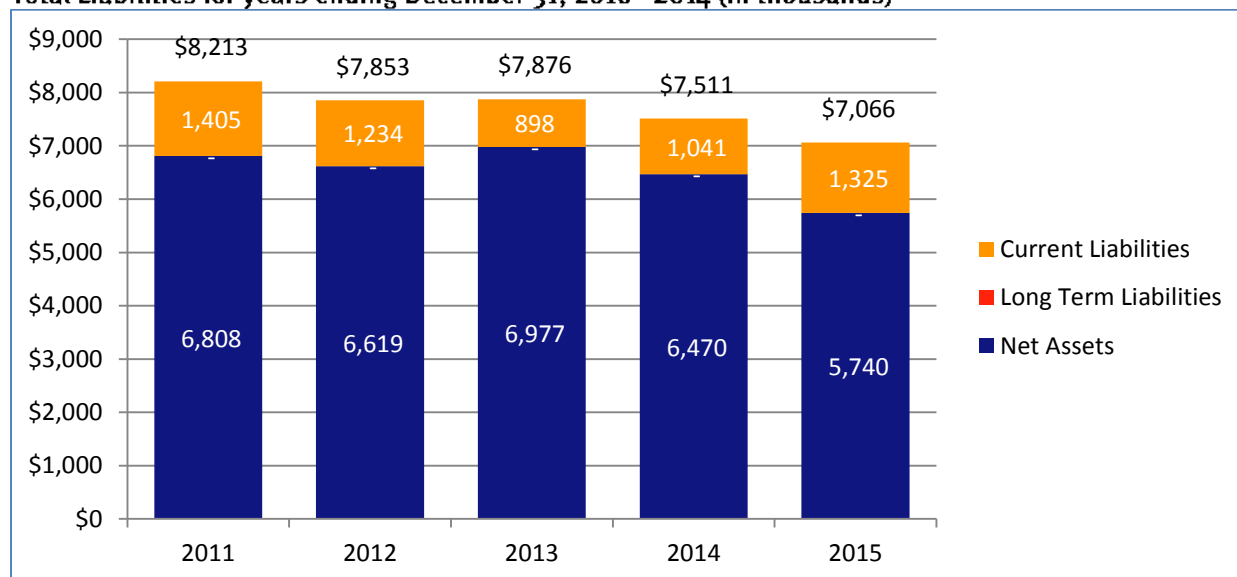
prepaid book expenses of \$23,531 for the Dolly Parton Imagination Library. These prepaid expenses with the exception of the prepaid book expenses compare closely to those of 2014.

A schedule of the decrease in capital assets, net of accumulated depreciation of \$91,956 is provided on page 19 in Note 6 and shows building improvement of \$14,431 as well as the current year's depreciation of \$106,387. UWA purchased additional lighting for the leased warehouse costing \$8,667 and purchased an air conditioner in the Abbeville Early Head Start building facility for \$5,764. UWA's capitalization policy is outlined in Note 1 on page 13.

Other assets, comprised of the endowment fund cash and investments, decreased by \$170,488 with endowment fund cash decreasing by \$7,700 and endowment fund investments decreasing by \$162,788. Changes in endowment fund net assets are scheduled in Note 5 beginning on page 16. A listing of investments by type can be found on page 23 in Note 12. Realized gains of \$56,239 and unrealized losses of \$142,454 on investments comprise a net loss of \$86,215; interest of \$10,875 and dividends of \$17,429 were added to the account; fund management and banking fees of \$11,577 and a withdrawal of \$101,000 were deducted from the account. On May 27, 2015, the UWA Board of Directors approved the transfer of up to \$40,000 from the endowment's Venture fund earnings and up to \$61,000 from the endowment's Community fund earnings to augment PACT funds from campaign. This transfer of \$101,000 was made in September 2015. The breakout of investment transactions can be found in the Statements of Cash Flows on page 10.

Total liabilities and net assets decreased by \$444,962. The following chart illustrates the five year trend of total liabilities and net assets (in thousands):

Total Liabilities for years ending December 31, 2010 - 2014 (in thousands)

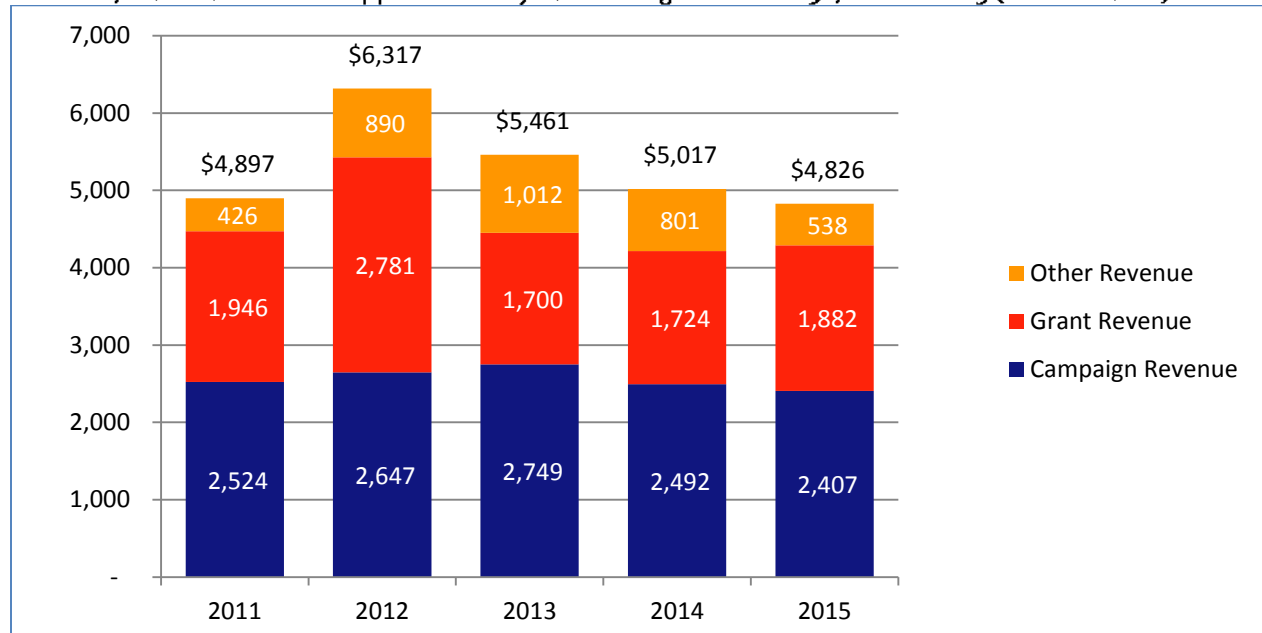


Current Liabilities increased by \$284,475. This is comprised of an decrease of \$462 in accounts payable for a variety of vendors; an increase in accrued liabilities of \$6,301; an increase in donor designations payable to other United Ways of \$88,636, due to an increase in out of area campaigns; and an increase in payable to other organizations of \$99,556, due to \$93,466 in disaster funds payable; and a deferral of grant revenue of \$85,137. Deferred revenue includes deferred rent of \$14,539 for 2015 and 2014 and deferred grant revenue which is discussed in Note 8 on page 20. The organization has no long-term liabilities.

Overall net assets decreased by \$729,437 or 11.3%, which represents the excess of expenses over revenue on the Statements of Activities for 2015 on page 6. Unrestricted net assets, including board designated assets, decreased by \$489,518; temporarily restricted decreased by \$207,469 and permanently restricted assets decreased by \$32,450. Note 9 and Note 10 on page 21 detail the restricted assets by their restricted use.

The Statements of Activities for 2015 indicate a decrease in revenue, gains and other support of \$444,034 and an increase in expenses of \$395,738. The following table shows a 5 year trending of public support and revenue (in thousands):

Revenue, Gains and Other Support for the years ending December 31, 2011 – 2015 (in thousands)



This trend can be further broken out as follows: (in thousands)

REVENUE, GAINS & OTHER SUPPORT	2011	2012	2013	2014	2015
Gross Campaign results	3,549	3,592	3,668	3,349	3,495
Less: Donor Designations	(730)	(871)	(789)	(751)	(972)
Less: Provision for Bad Debts	(314)	(77)	(130)	(106)	(116)
Annual Campaign (net)	2,505	2,645	2,749	2,492	2,407
Special Campaign	20	1	-	-	-
Grant Revenue	1,946	2,781	1,700	1,724	1,882
In Kind Income	23	326	399	298	231
Rental Income	200	236	224	226	215
Investment Income	46	108	224	123	(57)
Service Fees	94	145	103	84	96
Other Revenue	63	74	62	70	54
Total public support & revenue	4,897	6,317	5,461	5,017	4,826

Net Campaign Revenue decreased by \$85,452 in 2015. Gross campaign revenue increased by \$146,130, donor designations increased by \$221,516 resulting in a decrease in unrestricted campaign

funds prior to the provision for uncollectible totaling \$75,386. The estimated uncollectible pledges increased by \$10,066 as detailed in Note 7 on page 20.

Grant revenue increased by \$157,358. Corporate grants increased by \$56,372, foundation grants decreased by \$48,894 and government grants increased by \$149,879. UWA received corporate grants of \$119,825, foundation grants of \$73,000 and government grants of \$1,688,859. Federal government grant expenditures in 2015 are outlined on page 35. All grant revenue is recorded as restricted when received and is released from restriction upon use.

In-kind income decreased by \$67,113 and includes donated services, equipment, and other goods as described in Note 1 on page 13. Donated services total \$113,635 in 2015 and \$181,445 in 2014 while donated goods total \$116,982 in 2015 and \$116,285 in 2014. This income is offset by a corresponding expense shown as a line item in the Statements of Functional Expenses found on pages 8 and 9. There is no effect on the change in net assets for in-kind income and expense. Prior to 2012, UWA did not focus on tracking donated goods or services for its books and therefore did not record many of these donations.

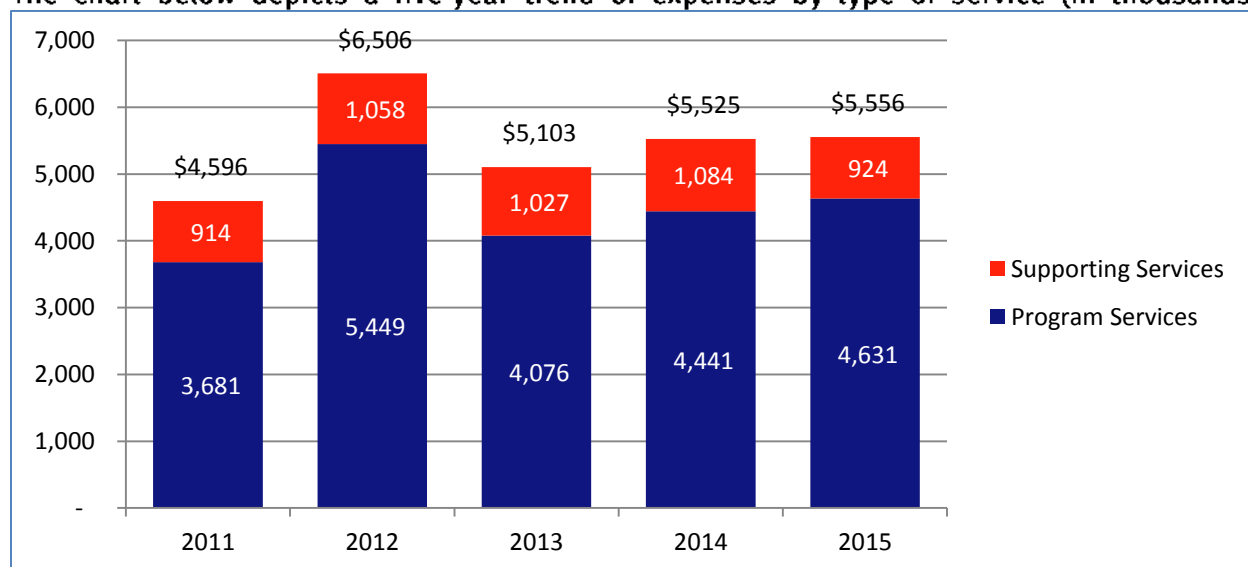
Other changes in revenue include a decrease of investment income of \$179,249, an increase of service fee revenue of \$11,437 for donor designations processing, a decrease of rental revenue of \$11,502, and a decrease of other revenue of \$16,129.

Expenses and Losses are outlined in the Statements of Activities by Program Services and Supporting Services. Program Services are described in Note 1 on pages 12.

Total expenses for 2015 increased from 2014 by \$30,969. Program services increased by \$190,871 and supporting services decreased by \$159,902.

Program services include community impact which increased by \$148,388, disaster management which increased by \$43,667, Early Head Start which increased by 29,199 and other programs (volunteer mobilization and multi-tenant center) which decreased by \$30,383. Supporting services include organizational administration expenses which decreased by \$111,450 and fundraising expenses which decreased by \$48,452.

The chart below depicts a five-year trend of expenses by type of service (in thousands)



This expense trend by service type can be further broken up as follows: (in thousands)

EXPENSES AND LOSSES	2011	2012	2013	2014	2015
Program Services	3,681	5,449	4,076	4,441	4,631
Community Impact	2,353	3,121	1,892	2,335	2,483
Diaster Management	164	307	80	29	73
Early Head Start	775	1,630	1,665	1,680	1,709
Other Programs	389	391	438	398	367
Supporting Services	914	1,058	1,027	1,084	924
Org. Administration	334	466	403	418	307
Fundraising	580	592	624	666	617
Total Expenses	4,596	6,506	5,103	5,525	5,556
Overhead Percentage	19.9%	16.3%	20.1%	19.6%	16.6%

The Statements of Functional Expenses on pages 8 and 9 provide some detail of the types of expenses incurred in 2015 compared to 2014. Total payroll and related expenses decreased by \$22,741 or 0.9% while other expenses decreased by \$13,961. Some of the larger variances are outlined as follows:

- Salaries and wages decreased by \$20,006 due to staff turnover in 2015.
- Advertising costs decreased by \$30,831 due the ending of a grant in 2014 covering financial literacy awareness.
- Childcare supplies increased by \$20,091.
- Contract services increased by \$85,211 as follows: EHS nutritional services +\$18K, Trust tracker costs in 2014 only -\$8K, outsourced payroll fees in 2015 only +\$8K, mobile payment software +\$6K, financial coaching +\$6K, VITA tax preparation +\$17K, Leader in Me services not matched by I am a Leader Foundation +\$35K, facility services -\$4K, various EHS services +\$4K and other various changes +\$3K..
- Dolly Parton Imagination Library expenses increase by \$22,709 due to increased enrollment.
- In-kind donations decreased by \$67,113, this is an offset to the revenue discussed earlier.
- Insurance costs decreased by \$13,642, mainly due to a worker's compensation dividend which was used to offset the expense.
- Utilities cost decreased by \$13,815 due to a decrease in energy costs.

These decreases along with the increase in grant disbursements to the community of \$67,671 make up the total increase in expenses. A detail listing of grants disbursed can be found on page 37 in the Schedules of Grant Disbursements.

It is important to note that Catholic Services of Acadiana, Inc. changed its name from Lafayette Catholic Services in 2015 and is listed as such. Direct disaster payments made in 2015 to victims of the Grand Theatre shooting are recorded as grants disbursed under Lafayette Strong. Additional funds collected for the Lafayette Strong campaign were used to provide counseling to victims. At the end of 2015, \$93,466 of unspent donations to Lafayette Strong are included in Current Liabilities in the line labeled "Payable to other organizations" on page 5 as mentioned earlier.

A detailed trend of expenses by function can be found below: (in thousands)

FUNCTIONAL EXPENSES	2011	2012	2013	2014	2015
Salaries and Benefits					
Salaries and wages	1,352	1,814	1,896	2,011	1,991
Payroll taxes	106	144	147	152	149
Employee benefits	203	270	292	277	277
Total Salaries and Benefits	1,661	2,228	2,335	2,440	2,417
Other Expenses					
Advertising	23	35	34	59	29
Childcare supplies	67	153	55	36	56
Conferences and meetings	21	60	46	40	34
Contract Services	176	418	158	217	302
Depreciation	74	102	112	106	106
Direct assistance	-	649	3	-	-
Dolly Parton Imagination Library	99	156	174	212	235
Dues and subscriptions	16	28	24	29	25
Equipment	-	23	9	18	11
Event expense	47	55	54	61	56
In-kind donations	23	326	399	298	231
Insurance	42	79	74	75	62
Interest expense	46	-	-	-	-
Loss on disposal of assets	35	-	-	-	-
Maintenance	56	120	81	88	86
Material assistance	87	152	10	-	-
Miscellaneous	60	87	64	72	77
Postage	9	14	12	14	13
Printing	38	30	30	34	35
Professional fees	48	56	55	38	40
Supplies	37	74	50	56	54
Telephone	30	32	24	24	24
Travel	68	61	46	55	56
United Worldwide dues	32	32	24	30	31
Utilities	60	67	84	84	70
Total Other Expenses	1,194	2,809	1,622	1,646	1,633
Allocations and Grants	1,741	1,469	1,146	1,439	1,506
TOTAL EXPENSES	4,596	6,506	5,103	5,525	5,556

Many of the variances shown above are due to changes in programs and grants managed from year to year. Direct assistance expenses were funded by grant designed to help the BP Horizon disaster victims. Dolly Parton Imagination Library expense has continued to grow over the years due to increased enrollment. Material assistance expenses were funded by donations for flood victims in

Carencro. The Early Head Start program opened its centers in 2012 accounting for other increases. The focus on in-kind donation tracking accounts for the increases since 2011. Interest expense in 2011 was paid on a mortgage loan on the UWA main building. This note was paid in full in 2011.

Request for Information

The financial report is designed to provide a general overview of United Way of Acadiana's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Lori Petrie, CFO
United Way of Acadiana, Inc.
P.O. Box 52033
Lafayette, LA 70505-2033
(337) 706-1229