

Management's Discussion and Analysis of the Financial Report
For the Year Ended December 31, 2019

(An accompaniment to the audited financial statement)

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, 2019, 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, 2019. **All page numbers noted in this document refer to United Way of Acadiana, Inc. Financial Report for Years Ended December 31, 2019 and 2018 dated July 2, 2020 and is referred to as “the report” in this document.**

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 have been prepared using the 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 presents information on all UWA’s assets and liabilities, with the difference between the two reported as net assets for years ending December 31, 2019 and 2018. 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 Net assets Without Donor Restrictions and With Donor Restrictions.

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.

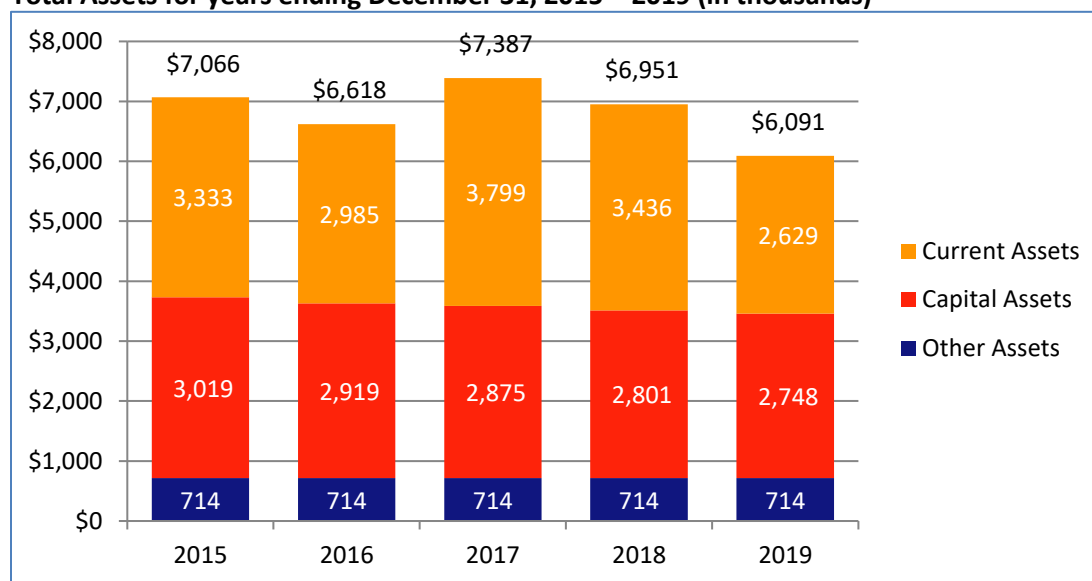
The Notes to the Financial Statements beginning on page 10 of the report is an integral part of the financial statements and are referred to throughout the Financial Statement Analysis that follows.

Supplementary information beginning on page 25 of the report is also presented to inform the reader.

Financial Statement Analysis

The Statements of Financial Position found on page 4 of the report provides a comparison of balances at 2019 and 2018 year end. Total assets comprised of current assets, capital assets and other assets decreased by \$859,956 in 2019. The following chart illustrates the five year trend of Total Assets broken out by group:

Total Assets for years ending December 31, 2015 – 2019 (in thousands)



Total current assets decreased by \$806,619, net capital assets decreased by \$53,337, and other assets remained the same.

Cash and cash equivalents included in current assets decreased by \$469,354 and is outlined in the Statements of Cash Flows found on page 9 of the report. The total decrease is the result of net cash used for operating activities of \$659,753, net cash provided by investing activities of \$213,369, and a decrease in the result of net cash provided by financing activities of \$22,970. Supplementary schedules of cash account balances can be found on page 26 of the report.

Gross pledge receivables decreased by \$205,395, while allowances for uncollected pledges increased by \$14,181 resulting in an increase in net pledge receivables of \$219,576. Note (3) on page 15 of the report, provides a detailed view of the pledge receivables by campaign year.

Grants receivable of \$42,915 in 2019 and \$2,263 in 2018 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 purchased by contract or purchase order not yet expended or submitted for reimbursement.

Other receivables decreased by \$83,606. At year end, UWA had receivables from the Child and Adult Food Care Food Program of \$9,547 and \$9,548, building rent and utility reimbursement of \$1,400 and \$1,153, contracted reimbursements for the Leader in Me program of \$0 and \$88,163, and various other receivables of \$4,364.48 and \$54, for 2019 and 2018, respectively.

Prepaid expenses decreased by \$9,140. At the end of 2019 and 2018, respectively, UWA had prepaid employee health premiums of \$17,756 and \$22,885, other insurance of \$7,376.83 and \$6,810, prepaid software maintenance of \$6,221 and \$8,299.

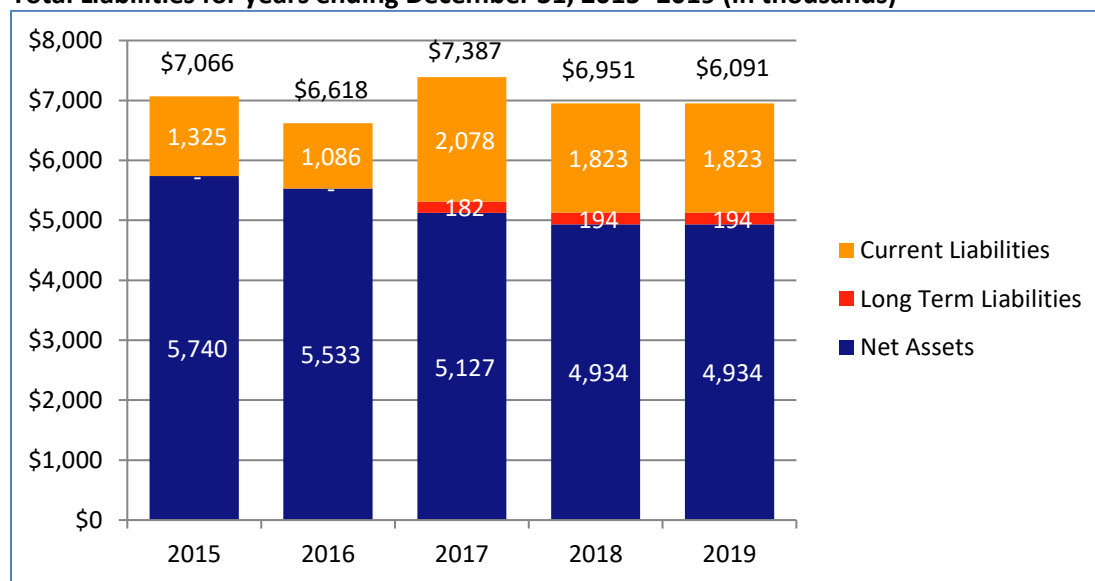
A schedule of the property and equipment, net of accumulated depreciation is provided on page 18 of the report in Note (6) and shows the change of \$53,337 is due to 2019 depreciation of \$80,406. UWA's capitalization policy is outlined in Note (1) F. on page 11 of the report.

Other assets or asset restricted for endowment, remain the same from 2018 to 2019. These assets are held in an endowment fund and represent the balance of the fund that is restricted by the donor. The portion of the endowment that is board designated is included in current assets. Changes in endowment

fund net assets are scheduled in Note (5) beginning on page 16 of the report. Realized gains of \$71,116 and unrealized gains of \$103,727 on investments comprise a net gain of \$174,843; interest of \$11,253, dividends of \$19,405, and fund management and banking fees of \$9,305 comprise the net investment income. The UWA Board of Directors approved transfers of \$120,765 from the endowment fund earnings to fund Venture grants and are shown as fund distributions for 2019. The breakout of total investment transactions can be found in the Statements of Cash Flows on page 9 of the report.

Total liabilities and net assets decreased by \$859,956. The following chart illustrates the five year trend of total liabilities and net assets:

Total Liabilities for years ending December 31, 2015- 2019 (in thousands)



Total Liabilities decreased by \$419,788.

Current Liabilities decreased by \$396,686. This is comprised of a decrease of \$27,716 in accounts payable, a decrease in accrued liabilities of \$8,742, an increase in donor designations payable of \$24,344, a decrease in compensated absences of \$10,890, an increase in deferred of revenue of \$42,731, a decrease in Advances of \$416,545 and an increase in the current maturities of long-term debt of \$132. Advances includes deferred rent of \$15,513 for 2019 and \$15,138 for 2018, and deferred grant revenue of \$290,463 in 2019 and \$707,383 in 2018. In 2019, deferred grant revenue included three Leader in Me grants totaling \$270,463 and two tax preparation grant totaling \$20,000. In 2018 deferred grant revenue included two Leader in Me grants totaling \$692,383, and one income tax preparation grants totaling \$15,000.

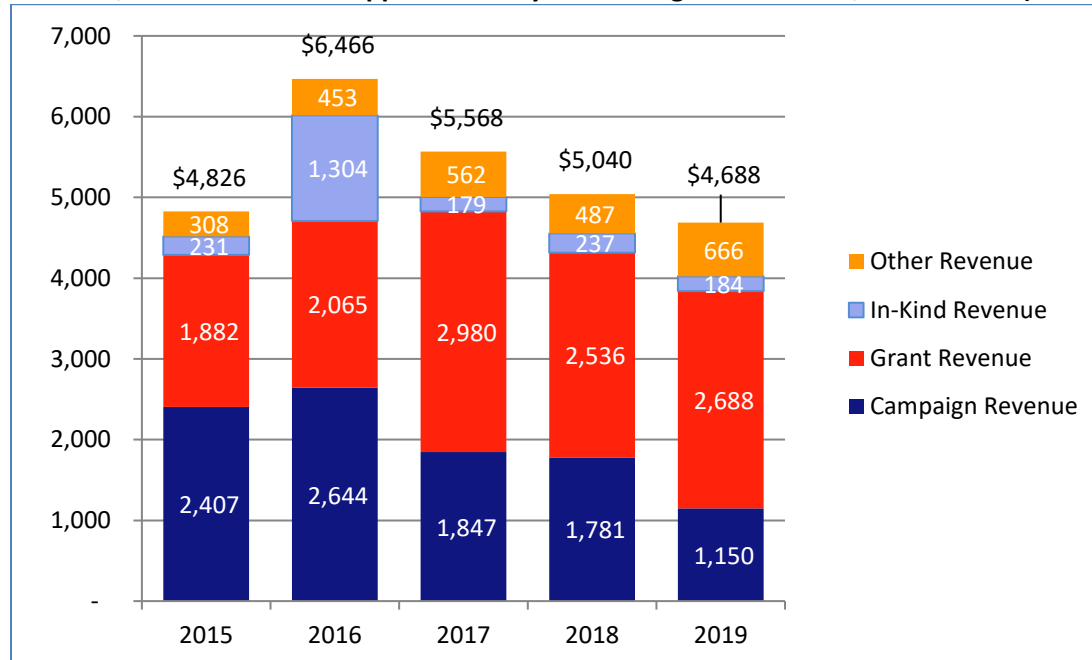
Noncurrent Liabilities at year-end total \$170,605 in 2019 and \$193,707 in 2018. The details of the long-term debts that total this are found in Note (9) on page 19 of the report.

Overall net assets decreased by \$440,168 or 8.9%, which represents the excess of expenses over revenue on the Statements of Activities for 2019 on page 5 of the report. Net Assets are presented both with and without donor restrictions. Net assets without donor restrictions, including board designated assets, decreased by \$339,610; net assets with donor restrictions decreased by \$100,558. Notes (10), (11) and (12) beginning on page 20 of the report details the composition of the net assets.

The Statements of Activities for 2019 indicate a decrease in revenue and other support of \$352,485 and a decrease in expenses of \$105,249.

The following table shows a 5 year trending of public support and revenue:

Revenue, Gains and Other Support for the years ending December 31, 2015 – 2019 (in thousands)



Net contributions and pledges decreased by \$631,051 in 2019. Gross contributions and pledges decreased by \$528,691, donor designations to other agencies increased by \$6,246, and uncollectible pledges increased by \$96,114.

Grant revenue increased by \$152,381. Corporate grants decreased by \$63,500, foundation grants increased by \$187,882 and government grants increased by \$27,999.

In-kind revenue decreased by \$52,114. Note (1) L. on page 13 of the report details the types of in-kind donations recorded in 2019 and 2018. This income is offset by a corresponding expense shown as a line item in the Statements of Functional Expenses found on pages 7 and 8 of the report. There is no effect on the change in net assets for in-kind income and expense.

All Other revenue increased by \$178,299 and includes an increase in rental income of \$2,162, a decrease in service fee revenue of \$30,182 for donor designation processing, an decrease in funds from special events of \$31,108, an decrease in miscellaneous revenue of \$20,566, and an increase in investment income of \$257,993.

UWA's revenue trend can be further broken out as follows:

Revenue, Gains and Other Support for the years ending December 31, 2015 – 2019 (in thousands)

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
REVENUE, GAINS & OTHER SUPPORT					
Gross Campaign (excluding disaster)	3,352	3,023	2,896	2,744	2,275
Gross Campaign (disaster only)	143	736	179	61	-
Less: Donor Designations	(972)	(829)	(909)	(932)	(938)
Less: Uncollectible Pledges	(116)	(286)	(319)	(91)	(188)
Annual Campaign (net)	2,407	2,644	1,847	1,781	1,150
Grant Revenue	1,882	2,065	2,980	2,536	2,688
In Kind Income	231	1,304	179	237	185
Rental Income	215	197	199	201	204
Service Fees	96	90	104	93	63
Other Revenue	54	53	135	225	174
Investment Income	(57)	113	124	(32)	226
Total public support & revenue	4,826	6,466	5,568	5,040	4,688

Gross contributions and pledges for 2019, excluding disaster funds, decreased by \$468,165 and disaster contributions decreased by \$60,526.

A detailed look at the campaign revenue and donor designation trends is provided here:

Gross Campaign and Donor Designations for the years ending December 31, 2015 – 2019 (in thousands)

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Workplace Campaign (in area)	2,608	2,307	2,044	1,866	1,403
Workplace Campaign (out of area)	641	690	754	825	836
Disaster Campaigns	143	736	179	61	-
Other Campaigns	103	26	98	53	36
	3,495	3,759	3,075	2,805	2,275
Donor Designations (in area)	348	153	173	118	112
Donor Designations (out of area)	624	676	736	814	827
	972	829	909	932	939

UWA received corporate grants of \$472,064 supporting financial stability and The Leader in Me program; foundation grants of \$520,420 supporting The Leader in Me program and financial stability; and government grants of \$1,668,409 supporting Early Head Start, and financial stability in 2019. Federal government grant expenditures in 2019 are outlined on page 33 of the report. All grant revenue is recorded as restricted when received and is released from restriction upon use.

Grant revenue by area can be broken out as follows:

Grant revenue by focus area for the years ending December 31, 2015 – 2019 (in thousands)

	2015	2016	2017	2018	2019
Disaster Response	-	-	565	-	-
Early Head Start	1,526	1,568	1,574	1,614	1,642
Employee Training	-	38	22	-	-
Financial Stability	140	211	212	197	126
Nurse Family Partnership	-	-	-	-	-
Other Education	9	18	2	-	10
The Leader in Me	202	226	604	725	910
Volunteer Projects	5	5	-	-	-
	1,882	2,065	2,980	2,536	2,688

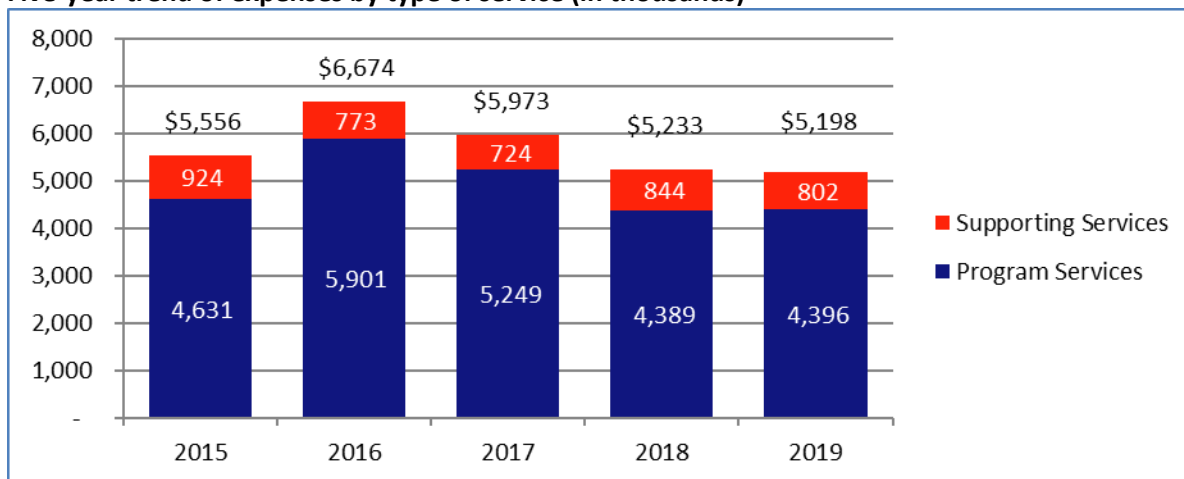
Expenses and losses are outlined in the Statements of Activities by Program Services and Supporting Services. Program Services are described in Note (1) B beginning on pages 10 of the report.

Total expenses for 2019 decreased from 2018 by \$105,249. Program services decreased by \$63,734 and supporting services decreased by \$41,515.

Program services include community impact which increased by \$21,401, disaster management which increased by \$4,652, Early Head Start which decreased by \$31,919 and other programs which decreased by \$57,868. A description of each program service type can be found in Note (1) B beginning on page 10 of the report. Supporting services include management and general expenses which increased by \$20,676 and fundraising expenses which decreased by \$62,191.

The following charts depict a five year trend of expenses grouped by type of service:

Five-year trend of expenses by type of service (in thousands)



Supporting services or overhead costs include important investments made to improve the work of UWA: investments in training, planning, evaluation, and internal systems— as well as efforts to raise money to operate their programs. These expenses allow UWA to sustain and improve itself. The overhead ratio is calculated by dividing supporting services by total revenue.

Five-year trend of the overhead ratio

	2015	2016	2017	2018	2019
Program Services	4,631	5,901	5,249	4,389	4,396
Supporting Services	924	773	724	844	802
Total Expenses	\$ 5,556	\$ 6,674	\$ 5,973	\$ 5,233	\$ 5,198

Five-year trend of expenses by type of service (in thousands)

	2015	2016	2017	2018	2019
EXPENSES AND LOSSES					
Program Services	4,631	5,901	5,249	4,389	4,396
Community Impact	2,483	2,340	2,093	2,136	2,157
Disaster Management	73	1,460	1,093	76	81
Early Head Start	1,709	1,792	1,773	1,890	1,858
Other Programs	367	309	290	288	300
Supporting Services	924	773	724	844	802
Management and General	307	271	266	314	335
Fundraising	617	503	458	530	467
Total Expenses	5,556	6,674	5,973	5,233	5,198

Program expenses can be further broken up into focus area as follows:

Five-year trend of program expenses by area (in thousands)

	2015	2016	2017	2018	2019
PROGRAM SERVICE COST					
Advocacy	21	13	15	14	11
Disaster Management	48	1,460	1,093	76	81
Dolly Parton Imagination Library	274	236	221	152	90
Early Head Start	1,709	1,792	1,773	1,890	1,858
Earn, Save, Succeed	225	238	211	191	190
General Impact Support	215	206	222	196	161
Grants to Agencies (non-disaster)	1,459	1,272	668	612	665
Multi-Tenant Facility	176	159	169	203	157
The Leader in Me	279	344	732	948	1,023
UW Readers	35	29	24	22	18
Volunteer Center	191	151	122	85	73
Total Program Service Costs	4,631	5,901	5,249	4,389	4,326

The Statements of Functional Expenses on pages 7 and 8 of the report provide some detail of the types of expenses incurred in 2019 compared to 2018. Total payroll and related expenses decreased by \$89,727 or 4.0%, other expenses decreased by \$55,935 or 2.3%, and grants to agencies increased by \$40,413 or 6.4%. Total expenses excluding material assistance for flood victims increased by \$113,085 or 2.2%. Line item variances over \$10K are outlined as follows:

- Salaries and wages decreased by \$68,132 due to unfilled vacancies and layoffs in 2019.
- Employee Benefits decreased by \$14,099 in relation to layoffs in 2019.
- Advertising decreased by \$11,239 due to the campaign video being done in house and lowering cost associated with Marketing.
- Campaign incentives decreased by \$12,013 due to decreased awards given in 2019 to parish schools and public school classrooms.
- Contract services increased by \$34,080. Changes include a \$10K decrease in annual meeting costs in 2019 due to a speaker fee in 2018, a increase of \$48K due to Interim CEO in 2019, an increase of \$16K due to contracted campaign personnel, an increase of \$26K in outsourced Accounting services, an increase in outsourced IT services of \$12K, decrease in DPIL evaluation of \$28k, decrease of \$22K in Multi-tenant building due to repairs made in 2018 with the Small Business Administration (SBA) loan proceeds following the 2016 flood, and a decrease of \$8K for nutrition services for the Early Head Start centers.
- Dolly Parton Imagination Library expenses decreased by \$38,244 due to limited and focused program enrollment.
- Event expenses decreased by \$22,566 due to the scaling back of event expenses hosted in 2019.
- In-kind donations decreased by \$52,113. This is an offset to the revenue discussed earlier.
- Leader in Me payments made directly to Franklin Covey, Inc. increased by \$110,464 due to the addition of 14 schools within UWA's four parish area and Evangeline and Iberia parishes as well.
- Maintenance decreased by \$33,518. This decrease includes 2018 expenses forgone of \$10K spent on repairs funded by the SBA loan, and \$22K spent on repairs to the Lafayette Early Head Start center following a car crash into their building. The accident was covered by insurance.
- Miscellaneous expense decreased by \$10,480 and include decreases in Service fees of \$3K, decrease in Criminal Background checks expense of \$3K due to change in regulations during 2018, a decrease in credit card fees of \$1K in correlations with a decrease in credit card receipts, and a decrease of \$3K in awards for Annual Meeting.
- Printing expense decreased by \$13,203 due to decrease in the usage of copies by \$6K and printing by \$7K.
- Savings incentive program expenses increased by \$37,827 due to an increase in the number of participants.
- Utilities expenses decreased by \$14,241 and include decreases in waste service and pest control of \$10K due to signing of new contracts, and a decrease of \$4K in utilities.
- Grants to agencies increased by \$40,414. A detail listing of grants disbursed can be found on page 27 of the report in the Schedules of Grant Disbursements.

The increases and decreases outlined above make up all but \$46,021 of the total decrease in expenses.

The following chart is a detailed trend of expenses by function:

Five-year trend of expenses by function (in thousands)

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Variance 2019-2018</i>
FUNCTIONAL EXPENSES						
Salaries and Benefits						
Salaries and wages	1,991	1,934	1,904	1,875	1,807	(68)
Payroll taxes	149	146	143	142	135	(7)
Employee benefits	277	250	211	210	196	(14)
Total Payroll and related expenses	2,417	2,330	2,258	2,227	2,138	(89)
Other Expenses						
Advertising	29	25	34	31	19	(12)
Campaign incentives	-	7	8	41	29	(12)
Childcare supplies	56	60	63	61	53	(8)
Conferences and meetings	34	78	51	21	21	-
Contract Services	241	205	270	255	289	34
Depreciation	106	100	99	84	80	(4)
Dolly Parton Imagination Library	235	221	185	119	81	(38)
Dues and subscriptions	25	28	24	24	17	(7)
Equipment	11	11	13	14	14	-
Event expense	56	59	61	89	67	(22)
In-kind donations	231	1,304	179	237	185	(52)
Insurance	62	49	54	56	52	(4)
Interest	-	-	-	2	2	-
Leader in Me - Franklin Covey	62	172	583	790	901	111
Maintenance	86	81	81	115	82	(33)
Materials assistance	-	88	941	21	28	7
Miscellaneous	77	89	66	76	34	(42)
Postage	13	10	10	10	6	(4)
Printing	35	20	29	29	16	(13)
Professional fees	40	43	36	54	44	(10)
Saving incentive program	-	24	22	12	50	38
Supplies	53	48	46	42	44	2
Telephone	23	25	25	29	34	5
Travel and transportation	55	35	47	54	45	(9)
United Way Worldwide dues	31	36	47	44	43	(1)
Utilities	70	64	65	72	90	18
Total Other Expenses	1,631	2,882	3,039	2,382	2,326	(56)
Grants to agencies	1,506	1,462	676	625	665	40
TOTAL EXPENSES	5,554	6,674	5,973	5,234	5,129	(105)

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:

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