7205

RECEIVED
LEGISLATIVE AUDITOR
06 JUN 30 AM 10:40

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

FINANCIAL REPORT

DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-9-06

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

Lake Charles, Louisiana

C O N T E N T S

	Page
REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statement of financial position	5
Statement of activities	6-9
Statement of cash flows	10-11
Statement of functional expenses	12-13
Notes to financial statements	14-22
SUPPLEMENTARY INFORMATION	
Agency allocations and community services	23-24
Community services	25-26
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	27-28
Schedule of findings	29

McElroy, Quirk & Burch

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA
Gus W. Schram, III, CPA, CVA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA

MQB

Charles P. Quirk, CPA, Inactive
Otray J. Woods, Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

R:\01001-02100\01286-0\2005\FINANCIAL STATEMENTS\UWAY FR 2.DOC

REPORT OF INDEPENDENT AUDITORS

Board of Directors
United Way of Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of United Way of Southwest Louisiana, Inc. as of December 31, 2005, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southwest Louisiana, Inc. as of December 31, 2005, and the changes in net assets and its cash flows and its functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Members American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2006, on our consideration of United Way of Southwest Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2004, from which the summarized information was derived. We expressed an unqualified opinion on those financial statements for the year ended December 31, 2004.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information for the year ended December 31, 2005 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McElroy, Quirk & Burch

Lake Charles, Louisiana
June 8, 2006

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

ASSETS	2005	2004
Cash and cash equivalents	$ 728,586	$ 593,703
Investments	1,326,000	1,515,000
2006 pledges receivable (less allowance for uncollectible pledges of $290,000)	2,389,055	-
2005 pledges receivable (less allowance for uncollectible pledges of $290,000)	554,718	3,104,477
2004 pledges receivable (less allowance for uncollectible pledges of $290,000)	-	347,821
Interest receivable	13,327	2,167
Prepaid expenses	688,599	546,697
Loan receivable	13,797	16,197
Other receivables	39,453	75,790
Investments-deferred compensation	-	160,138
Cash and cash equivalents-restricted	455,970	-
Land, buildings and equipment	1,487,590	1,485,215
Accumulated depreciation	(955,600)	(889,449)
Total assets	$ 6,741,495	$ 6,957,756
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 87,976	$ 66,916
Due to designated agencies	257,867	254,792
	345,843	321,708
NET ASSETS		
Unrestricted:		
Appropriated-general	679,532	546,083
Appropriated-land, buildings and equipment	531,990	595,766
Unappropriated	1,862,008	1,741,721
	3,073,530	2,883,570
Temporarily restricted	3,322,122	3,752,478
	6,395,652	6,636,048
Total liabilities and net assets	$ 6,741,495	$ 6,957,756

See Notes to Financial Statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	Unrestricted	Temporarily Restricted
REVENUES, GAINS AND OTHER SUPPORT		
Campaign applicable to current period:		
Contributions received-current period	$ 318,654	$ -
Contributions received in prior periods (released from restriction)	4,081,888	(4,081,888)
Donor designations for agencies	(254,792)	254,792
Total campaign for current period	4,145,750	(3,827,096)
Allowance for uncollectible pledges	(304,151)	290,000
	3,841,599	(3,537,096)
Campaign revenue received for next allocation period	-	3,392,214
Donor designations for agencies	-	(257,867)
Allowance for uncollectible pledges	-	(290,000)
Total campaign for next allocation period	-	2,844,347
Total campaign	3,841,599	(692,749)
Success by Six grant income	-	79,363
Success by Six other income	-	6,100
Sports Hall of Fame income	5,240	-
Charity Pro-Am Tournament-net	11,591	-
Hurricane recovery income	-	698,178
Rent income	54,737	(30,336)
Investment income	26,424	19,686
Deferred compensation contribution	(20,000)	20,000
Miscellaneous	6,502	-
Net assets satisfied by payments	530,598	(530,598)
Total revenues	4,456,691	(430,356)
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES		
Funds allocated to member agencies	2,809,044	-
Other allocations	43,866	-
	2,852,910	-

2005 Combined Total	2004 Combined Total
$ 318,654	$ 129,519
-	-
-	-
318,654	129,519
(14,151)	(4,060)
304,503	125,459
3,392,214	4,081,888
(257,867)	(254,792)
(290,000)	(290,000)
2,844,347	3,537,096
3,148,850	3,662,555
79,363	30,000
6,100	24,973
5,240	7,659
11,591	3,154
698,178	-
24,401	37,834
46,110	28,893
-	-
6,502	7,387
-	-
4,026,335	3,802,455
2,809,044	2,535,657
43,866	(33,197)
2,852,910	2,502,460

(continued on next page)

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004
(Continued)

	Unrestricted	Temporarily Restricted
Other functional expenses:		
Community services	378,570	-
Fund raising	641,012	-
Agency relations	169,433	-
Management and general	224,806	-
Total functional expenses	1,413,821	-
Total expenses	4,266,731	-
CHANGE IN NET ASSETS	189,960	(430,356)
NET ASSETS, BEGINNING OF YEAR	2,883,570	3,752,478
NET ASSETS, END OF YEAR	$ 3,073,530	$ 3,322,122

See Notes to Financial Statements.

2005 Combined Total	2004 Combined Total
378,570	164,904
641,012	636,455
169,433	164,499
224,806	229,507
1,413,821	1,195,365
4,266,731	3,697,825
(240,396)	104,630
6,636,048	6,531,418
$ 6,395,652	$ 6,636,048

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Various donors for:		
Annual campaign	$ 3,915,242	$ 3,703,104
Grant income	79,363	30,000
Program income	721,109	35,786
Interest received	34,950	30,915
Rent income collected	24,401	37,834
Miscellaneous receipts	6,502	7,387
Cash payments:		
Allocations	(2,852,910)	(2,502,460)
Designated agencies	(254,792)	(543,690)
Employees and suppliers	(1,379,783)	(938,611)
Building operations	(51,623)	(47,997)
Cash provided by (used in) operating activities	242,459	(187,732)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(3,143)	(3,233)
Maturities of investments	1,315,000	1,443,000
Purchase of investments	(1,126,000)	(1,265,000)
Loans collected	2,400	2,400
Cash provided by investing activities	188,257	177,167
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and earnings-deferred compensation plan	(26,716)	(26,415)
Payout of deferred compensation plan	186,853	-
Cash provided by (used in) financing activities	160,137	(26,415)
Net increase (decrease) in cash	590,853	(36,980)
Cash and cash equivalents:		
Beginning of year	593,703	630,683
End of year	$ 1,184,556	$ 593,703

(continued on next page)

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	2005	2004
RECONCILIATION OF THE CHANGE IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES IS AS FOLLOWS:		
Net change in assets	$ (240,396)	$ 104,630
Adjustments to reconcile change in net cash provided by (used in) operating activities:		
Depreciation	66,918	67,337
Uncollectible pledges	304,151	294,060
Change in pledges receivable (gross)	204,375	(508,303)
Change in all other receivables and assets	(116,724)	95,522
Change in payables	24,135	(240,978)
Net cash provided by (used in) operating activities	$ 242,459	$ (187,732)
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSISTED OF:		
Restricted cash	$ 455,970	$ -
Unrestricted cash	728,586	593,703
	$ 1,184,556	$ 593,703

See Notes to Financial Statements.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	Community Services-Programs	Fund Raising	Agency Relations
Salaries	$ 19,830	$ 297,898	$ 99,122
Health and life insurance	3,500	32,936	8,234
Retirement plan	1,622	22,536	5,634
Dental plan	-	6,277	1,569
Payroll taxes	1,478	20,448	5,112
Workmen's compensation	-	2,968	742
Total salaries and related expenses	26,430	383,063	120,413
Professional fees	-	8,044	2,011
Office supplies and expenses	56	19,212	4,803
In-house printing	-	9,542	2,386
Campaign expenses	-	46,468	-
Public relations	-	7,978	1,995
Postage and shipping	-	8,266	2,066
Telephone	-	10,160	2,540
Utilities	-	12,932	3,233
Rent	-	5,400	1,350
Repairs and maintenance	-	21,468	5,367
Publications and subscriptions	-	1,799	450
Automobile expense	-	5,069	1,267
Educational conferences and institutes	9,504	21,172	5,293
Organizational dues	-	7,682	1,920
Insurance	-	12,583	3,146
United Way programs	-	4,619	1,155
Report luncheons	-	15,405	-
Nurses and counseling	50,524	-	-
Banquet expense	6,129	-	-
Meeting expense	2,357	-	-
Hurricane recovery expenses	283,570	-	-
Total before depreciation	378,570	600,862	159,395
Depreciation of buildings and equipment	-	40,150	10,038
Total functional expenses	$ 378,570	$ 641,012	$ 169,433

See Notes to Financial Statements.

Management and General	2005 Total	2004 Total
$ 107,622	$ 524,472	$ 438,712
13,723	58,393	51,867
9,390	39,182	123,603
2,615	10,461	11,135
8,520	35,558	34,352
1,237	4,947	4,300
143,107	673,013	663,969
3,352	13,407	12,860
8,005	32,076	29,353
3,976	15,904	19,865
-	46,468	55,062
3,324	13,297	12,818
3,444	13,776	12,971
4,233	16,933	16,228
5,388	21,553	22,199
2,250	9,000	9,000
8,945	35,780	37,747
750	2,999	2,252
2,112	8,448	11,061
8,822	44,791	43,442
3,201	12,803	13,853
5,243	20,972	21,676
1,924	7,698	7,716
-	15,405	6,060
-	50,524	117,183
-	6,129	12,713
-	2,357	-
-	283,570	-
208,076	1,346,903	1,128,028
16,730	66,918	67,337
$ 224,806	$ 1,413,821	$ 1,195,365

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

Note 1. Organization and Purpose

United Way of Southwest Louisiana, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of raising funds for the benefit of other community nonprofit organizations. The Organization is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are qualified as charitable donations.

Note 2. Summary of Significant Accounting Policies

The Organization follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the United Way of America and the American Institute of Certified Public Accountants. The following significant accounting policies are in accordance with these standards.

Donor imposed restrictions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Gifts designated by the donor for a particular agency are not recognized as revenue. These pass through contributions are recorded as a liability until paid to the designated agency by the Organization.

Promises to give/pledges:

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Cash and cash equivalents:

The Organization considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Investments:

Investments, consisting of certificates of deposit, are stated at cost which approximates market.

Prepaid expenses:

Prepaid expenses include functional expenses, in the amount of $677,532, incurred in connection with contributions restricted for future periods. These amounts will be expensed in the period the stipulated time restriction ends and the related temporarily restricted contributions are reported in the statement of activities as net assets released from restriction.

Cash and cash equivalents-restricted:

Cash and cash equivalents have been restricted according to donor restrictions for hurricane recovery efforts.

Contributed property and equipment:

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulated how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Estimates:

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

Net assets appropriated for land, building and equipment:

The Board has designated net assets for expenditures for renovation and repair of the Organization's building. Each year one-half of the interest income earned and excess rent income over rental expenses are designated for this purpose.

Depreciation:

Depreciation of property and equipment is provided for over the useful life of each asset based on the straight line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

Furniture and equipment	5 years
Automobiles	3 years
Building	25 years

Contributed services:

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of hours, for which no value has been assigned or recognized, were volunteered by employees of local companies participating in the United Way Loaned Executives program. Volunteers assist the United Way during the annual campaign.

Note 3. Pledges Receivable

All pledges receivable are due in one year. Included in "pledges receivable" are the following unconditional promises to give:

	2006 Campaign	2005 Campaign
Undesignated	$ 2,421,188	$ 3,139,685
Designated	257,867	254,792
Gross unconditional pledges	2,679,055	3,394,477
Less allowance for uncollectibles	290,000	290,000
	$ 2,389,055	$ 3,104,477

Note 4. Deferred Compensation

On July 17, 1991, the Board of Directors approved a Deferred Compensation Plan for the Executive Director to provide an incentive for him to stay in Southwest Louisiana. The plan called for United Way of Southwest Louisiana, Inc. to deposit into an account administered by Mutual of America, $5,000 a year over a five year period beginning in 1991. The Board has extended the deferred compensation plan in accordance with the plan document and as agreed to by all parties. Annual contributions are subject to Board approval. During 2005 the Board approved a contribution of $20,000 to the plan. The deferred compensation plan was terminated during the year ended December 31, 2005 due to changes in tax laws to which the plan was subject. A lump sum payout was made to the Executive Director in the amount of $186,853, which is reflected in other functional expenses and prepaid expenses.

Note 5. Net assets - Appropriated Unrestricted:

Appropriated-general unrestricted net assets is made up of the following:

Board designated funds:	
Sports Hall of Fame	$ 2,000
Prepaid campaign expenses	677,532
	$ 679,532

Note 6. Land, Buildings and Equipment

A summary of land, buildings and equipment is as follows:

Land	$ 91,000
Building	1,046,308
Furniture and equipment	350,282
	1,487,590
Less accumulated depreciation	955,600
	$ 531,990

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended December 31, 2005 was $66,918.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Time restrictions (net campaign pledges received for future periods):	
2005	$ 2,844,347
Purpose restrictions:	
Deferred compensation	-
Building fund	37,788
Success by Six	25,379
Hurricane assistance fund	414,608
	$ 3,322,122

Changes in temporarily restricted net assets are summarized as follows:

			Net Change
Campaign applicable to current period:			
Beginning of year		$ 3,537,096	
Net change		(692,749)	$ (692,749)
End of year		$ 2,844,347	
Deferred compensation:			
Beginning of year		$ 160,138	
2005 contribution	$ 20,000		
2005 earnings	6,715		
2005 withdrawal	(186,853)		
Net change		(160,138)	(160,138)
End of year		$ -	
Building fund:			
Beginning of year		$ 55,244	
Rent income	24,401		
Investment income	19,686		
Repairs	(18,068)		
Utilities	(23,751)		
Insurance	(17,374)		
Other rental expenses	(2,350)		
Net change		(17,456)	(17,456)
End of year		$ 37,788	
Success by Six:			
Beginning of year		$ -	
Grant income	79,363		
Other income	6,100		
Program expenses	(60,084)		
Net change		25,379	25,379
End of year		$ 25,379	
Hurricane recovery fund:			
Beginning of year		$ -	
Hurricane recovery income	698,178		
Hurricane recovery expense	(283,570)		
Net change		414,608	414,608
End of year		$ 414,608	
Net change			$ (430,356)

Note 8. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended December 31, 2005:

Time restrictions (net campaign pledges received for future periods):	
2005	$ 3,537,096

Note 9. Retirement Benefits

The Organization sponsors a defined contribution profit sharing plan that covers all eligible employees. Eligible employees include persons with one year of service with a minimum age of 21 years. The employer contribution on behalf of each participant for each plan year shall be 10% of the participant's compensation for the plan year.

Total benefit costs and contributions for the year ended December 31, 2005 were $39,182.

Note 10. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support, revenue and expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain indirect costs have been allocated to the functional categories based on the Organization's analysis of time devoted to each category. The allocation of $448,908 of indirect cost was based on the following 2005 percentages:

Fund raising	60%
Agency relations	15%
Management and general	25%

Note 11. Related Party Transaction

In connection with the purchase of the Organization's vehicle by the Executive Director, United Way loaned $18,597 to the Executive Director in December 2003. On January 15, 2004, an interest free note agreement was executed by the Executive Director in the face amount of the amount loaned. This note is payable in monthly installments of $200 each until paid in full. The balance of the loan at December 31, 2005 is $13,797. Interest of $561 was imputed on the loan and included in compensation of the Executive Director.

Note 12. Concentration of Credit Risk

The Organization maintains its cash accounts in several commercial banks and an investment company. At times during 2005, the amounts on deposit exceeded the insurance limits of the Federal Deposit Insurance Corporation.

Note 13. Prior Period 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2004, from which the summarized information was derived.

Note 14. United Way of Southwest Louisiana Community Foundation

At the December, 2000 Board of Directors meeting the By-laws and Articles of Incorporation of the United Way of Southwest Louisiana Community Foundation were adopted. The purpose of the Foundation is to benefit and carry out the purpose of the United Way of Southwest Louisiana by providing a permanent base of financial support of the United Way, its certified agencies and charitable, social, educational and human service programs, activities and purposes. During the year ended December 31, 2005, the Foundation's name was changed to The Southwest Louisiana Community Foundation, and the Foundation Advisory Committee members became the Board of Directors and are now overseeing the activity of the Foundation instead of the United Way of Southwest Louisiana, Inc.'s Board of Directors.

Note 15. Community Services

The Helpline is a program which assists with payments such as utility, rent, and life threatening medications for individuals that need assistance. This is a last resort program providing assistance to an individual only once during a calendar year.

The United Way of Southwest Louisiana, Inc. has partnered with Christus St. Patrick's School Based Health Center, Region V Office of Public Health, and Family and Youth Counseling Agency to provide a registered nurse at high risk, low income day care centers to provide health and wellness promotion, health development, and safety assessments and staff training within the child care setting. This program is referred to in the financial statements as Success by Six.

The Sports Hall of Fame is a program to honor local high school senior athletes in the area.

The Youth Advisory Council is a program for high school students that encourage leadership and volunteering. The Council gives teens opportunities to give input on the development of less competitive programs and to develop accessible facilities that provide recreational choices for area youth.

The Hurricane Recovery Fund is a program focused on meeting special needs in the hurricane recovery effort caused by Hurricanes Rita and Katrina in Southwest Louisiana. The main focus is long-term recovery with special emphasis on housing initiatives.

Note 16. Subsequent Events

Subsequent to December 31, 2005, the Organization had a plumbing problem which caused damage to its property. At the time of this report, the extent of the damages incurred and the extent of insurance coverage of the damages could not be determined.

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

AGENCY ALLOCATIONS AND COMMUNITY SERVICES
Year Ended December 31, 2005

	Actual	Budget	Other Allocations
Abraham's Tent	$ 64,000	$ 64,000	$ -
Allen Council on Aging	30,230	30,230	-
Allen Special Olympics	-	7,000	(7,000)
American Heart Association	74,583	75,000	(417)
American Red Cross	137,000	132,000	5,000
Arthritis Foundation	-	10,000	(10,000)
Bayou Girl Scout Council	62,300	62,300	-
BeauCare	95,786	94,786	1,000
Beauregard ARC	30,000	30,000	-
Beauregard Community Concerns	130,000	130,000	-
Beauregard Council on Aging	40,550	40,550	-
Beauregard Special Olympics	6,500	6,500	-
Big Brothers/Big Sisters	161,509	161,509	-
Boy Scouts of America	160,000	160,000	-
Boys'/Girls' Village	213,959	213,959	-
Calcasieu Association for Retarded Citizens/Sheltered Workshop	214,000	214,000	-
Calcasieu Community Clinic	25,000	25,000	-
Calcasieu Council on Aging	84,000	84,000	-
Calcasieu Women's Shelter, Inc.	149,800	149,800	-
Cameron Council on Aging	57,000	57,000	-
Camp Fire	73,892	73,892	-
Children's Museum	27,310	27,310	-
Family and Youth Counseling	418,971	413,971	5,000
Foreman-Reynaud YMCA	115,333	115,333	-
Friends of Families	25,000	15,000	10,000
Genesis Therapeutic Riding	17,500	20,000	(2,500)
Imperial Calcasieu Museum	17,050	17,050	-
Jeff Davis Chemical Health	53,985	53,985	-
Jeff Davis Council on Aging	39,500	39,500	-
Jeff Davis Special Olympics	-	8,000	(8,000)
Junior Achievement	25,000	25,000	-
Lake Charles YMCA	63,500	33,500	30,000
Literacy Council	73,000	73,000	-
Ouachita Valley BSA	6,250	6,250	-
Potter's House	9,951	-	9,951
Salvation Army	120,000	120,000	-
Samaritan Counseling	26,500	26,500	-
Southside Development	5,833	-	5,833
Southwest Louisiana Aids Council	36,000	36,000	-

(continued on next page)

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

AGENCY ALLOCATIONS AND COMMUNITY SERVICES
Year Ended December 31, 2005
(Continued)

	Actual	Budget	Other Allocations
Southwest Louisiana Legal Services	50,000	50,000	-
Speech and Hearing Center	21,792	21,792	-
Volunteer Center	96,738	96,738	-
Louisiana Association of United Way	1,450	2,100	(650)
United Way Community Foundation	5,251	-	5,251
United way of America	41,281	41,281	-
United Way of Tyler	398	-	398
	3,107,702	3,063,836	43,866
Less donor designations	254,792	254,792	-
Total	$ 2,852,910	$ 2,809,044	$ 43,866

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

COMMUNITY SERVICES
Year Ended December 31, 2005

	Helpline	Success by Six	Sports Hall of Fame
Salaries	$ 19,830	$ -	$ -
Health and life insurance	3,500	-	-
Retirement plan	1,622	-	-
Payroll taxes	1,478	-	-
Total salaries and related expenses	26,430	-	-
Office supplies and expenses	-	56	-
Educational conferences and training	-	9,504	-
Nurses and counseling	-	50,524	-
Banquet expense	-	-	6,129
Meeting expense	-	-	-
Hurricane recovery expense	-	-	-
Total functional expenses	$ 26,430	$ 60,084	$ 6,129

Youth Advisory Council	Hurricane Recovery Fund	Total
$ -	$ -	$ 19,830
-	-	3,500
-	-	1,622
-	-	1,478
		26,430
-	-	56
-	-	9,504
-	-	50,524
-	-	6,129
2,357	-	2,357
-	283,570	283,570
$ 2,357	$ 283,570	$ 378,570

McElroy, Quirk & Burch

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA
Gus W. Schram, III, CPA, CVA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA

MQB

Charles P. Quirk, CPA, Inactive
Otray J. Woods, Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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

Board of Directors
United Way of Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have audited the financial statements of United Way of Southwest Louisiana, Inc. as of and for the year ended December 31, 2005, and have issued our report thereon dated June 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered United Way of Southwest Louisiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect United Way's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Southwest Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

McElroy Quirk & Burch

Lake Charles, Louisiana
June 8, 2006

UNITED WAY OF SOUTHWEST LOUISIANA, INC.

SCHEDULE OF FINDINGS
December 31, 2005

Internal Control Findings:

2005-1

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve an adequate level of segregation of responsibilities. Management has implemented supervision and review procedures in order to mitigate this weakness.