

**UNITED WAY OF SOUTHERN NEVADA, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2018**

**With Summarized Information
For The Year Ended June 30, 2017**



**United Way
of Southern Nevada**

UNITED WAY OF SOUTHERN NEVADA, INC.

JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Southern Nevada, Inc.
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Southern Nevada, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, 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 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 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 Southern Nevada, Inc. as of June 30, 2018, and the changes in its net

Certified Public Accountants
20 YEARS & COUNTING

assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 23, 2018, on our consideration of United Way of Southern Nevada, 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 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 Southern Nevada, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited United Way of Southern Nevada, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Las Vegas, Nevada
October 23, 2018

UNITED WAY OF SOUTHERN NEVADA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,610,725	\$ 2,671,260
Pledges receivable, net of allowance	3,332,849	3,003,105
Grants receivable	1,170,180	541,559
Prepaid expenses	39,895	39,067
	6,153,649	6,254,991
OTHER ASSETS		
Pledges receivable, net of current and discount	487,175	595,267
Property and equipment, net	2,553,065	2,595,056
	\$ 9,193,889	\$ 9,445,314
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Allocations payable	\$ 333,333	\$ 577,915
Designations and other agency obligations	1,092,259	1,365,917
Payroll and related accrual	181,730	280,220
Refundable advances	757,197	1,023,901
Accounts payable and other	1,229,862	759,227
Capital lease payable, current	-	1,422
Long-term debt, current	43,777	44,826
	3,638,158	4,053,428
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities and bond issuance costs	1,124,141	1,163,768
	4,762,299	5,217,196
NET ASSETS		
Unrestricted	3,302,187	2,975,625
Temporarily restricted	1,129,403	1,252,493
	4,431,590	4,228,118
	\$ 9,193,889	\$ 9,445,314

See notes to financial statements.

UNITED WAY OF SOUTHERN NEVADA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES, OTHER CAMPAIGN RESULTS AND GAINS				
Gross campaign results, current year	\$ 6,651,807	\$ 8,703	\$ 6,660,510	\$ 7,171,217
Less provision for uncollectible pledges	(345,865)	-	(345,865)	(414,037)
	<u>6,305,942</u>	<u>8,703</u>	<u>6,314,645</u>	<u>6,757,180</u>
Grants, fees and other income:				
Fiscal agent revenue	6,517,754	-	6,517,754	3,995,667
Other revenue	140,457	-	140,457	184,430
In-kind donations	259,206	-	259,206	415,561
Net assets released from restrictions	131,793	(131,793)	-	-
	<u>13,355,152</u>	<u>(123,090)</u>	<u>13,232,062</u>	<u>11,352,838</u>
Less donor-designated pass-through, net of portion retained to offset administrative costs	(2,129,331)	-	(2,129,331)	(2,382,783)
	<u>11,225,821</u>	<u>(123,090)</u>	<u>11,102,731</u>	<u>8,970,055</u>
EXPENSES				
Program services:				
Funded program allocations	948,264	-	948,264	1,790,791
Community development	1,029,136	-	1,029,136	1,081,066
Fiscal agent expense, other grants	6,483,268	-	6,483,268	4,256,805
	<u>8,460,668</u>	<u>-</u>	<u>8,460,668</u>	<u>7,128,662</u>
Support services:				
Management and general	711,811	-	711,811	752,486
Fundraising	1,726,780	-	1,726,780	1,782,581
	<u>2,438,591</u>	<u>-</u>	<u>2,438,591</u>	<u>2,535,067</u>
	<u>10,899,259</u>	<u>-</u>	<u>10,899,259</u>	<u>9,663,729</u>
CHANGE IN NET ASSETS	326,562	(123,090)	203,472	(693,674)
NET ASSETS, BEGINNING OF YEAR	<u>2,975,625</u>	<u>1,252,493</u>	<u>4,228,118</u>	<u>4,921,792</u>
NET ASSETS, END OF YEAR	<u>\$ 3,302,187</u>	<u>\$ 1,129,403</u>	<u>\$ 4,431,590</u>	<u>\$ 4,228,118</u>

See notes to financial statements.

UNITED WAY OF SOUTHERN NEVADA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018				2017			
	Program Services			Supporting Services				
	Funded Program Allocations	Community Development	Other Grants	Total Program	Management and General	Fundraising	Total all Functions	Total all Functions
Payroll and related	\$ 16,373	\$ 568,281	\$ 253,017	\$ 837,671	\$ 462,681	\$ 1,012,308	\$ 2,312,660	\$ 3,090,608
Professional fees	975	82,225	65,496	148,696	78,525	42,597	269,818	260,224
Education program disbursements	-	-	6,078,024	6,078,024	-	-	6,078,024	3,427,761
Office supplies and expenses	-	70,233	21,025	91,258	45,122	87,499	223,879	336,197
Bank fees	-	106	-	106	19,775	1,891	21,772	24,081
Occupancy and insurance	39	46,361	5,287	51,687	31,419	57,159	140,265	146,013
Printing, publications, awards	-	1,358	-	1,358	1,102	66,468	68,928	118,060
Campaign support media	-	894	-	894	593	112,228	113,715	394,943
Travel and conferences	-	6,976	8,043	15,019	11,646	24,183	50,848	69,510
Outreach event fees	-	34,167	-	34,167	-	218,077	252,244	93,338
Community event fees	-	117,097	-	117,097	-	47	117,144	49,750
Mortgage loan interest payments	-	16,624	-	16,624	11,400	19,474	47,498	48,060
Other program expenses	-	3,000	52,350	55,350	-	-	55,350	20,109
Depreciation and amortization	-	35,078	26	35,104	24,312	41,738	101,154	105,631
Community distribution	930,877	9,933	-	940,810	-	-	940,810	1,382,944
	948,264	992,333	6,483,268	8,423,865	686,575	1,683,669	10,794,109	9,567,229
National dues	-	36,803	-	36,803	25,236	43,111	105,150	96,500
	<u>\$ 948,264</u>	<u>\$ 1,029,136</u>	<u>\$ 6,483,268</u>	<u>\$ 8,460,668</u>	<u>\$ 711,811</u>	<u>\$ 1,726,780</u>	<u>\$ 10,899,259</u>	<u>\$ 9,663,729</u>

See notes to financial statements.

UNITED WAY OF SOUTHERN NEVADA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 203,472	\$ (693,674)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	101,154	105,631
Amortization of bond issuance costs (interest)	3,574	3,574
Change in pledge allowance	(29,594)	17,830
Change in discount to present value	(4,786)	3,313
(Increase) decrease in operating assets		
Pledges receivable	(187,272)	(151,051)
Grants receivable	(628,621)	(125,524)
Prepaid expenses	(829)	22,365
Increase (decrease) in operating liabilities		
Allocations payable	(244,581)	513,114
Designations and other agency obligations	(273,658)	(366,004)
Payroll and related	(98,490)	26,134
Refundable advances	(266,704)	782,215
Accounts payable and other	470,635	124,463
	<u>(955,700)</u>	<u>262,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(59,164)</u>	<u>(17,750)</u>
Net cash used in investing activities	(59,164)	(17,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(300,000)
Payments on notes payable	(44,249)	(43,376)
Payments on capital lease	<u>(1,422)</u>	<u>(17,650)</u>
Net cash used in financing activities	<u>(45,671)</u>	<u>(361,026)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,060,535)	(116,390)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,671,260</u>	<u>2,787,650</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,610,725</u>	<u>\$ 2,671,260</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 47,498</u>	<u>\$ 48,060</u>

See notes to financial statements.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: United Way of Southern Nevada, Inc. (the Organization or United Way) is a not-for-profit corporation governed by a local volunteer Board of Directors. The Organization was incorporated in 1957 and its operations are primarily in Clark County. The Organization is one of more than 1,200 local, independent United Ways across the country.

The Organization's mission is to unite the community to improve people's lives. The Organization is innovative and collaborative in their efforts to create a better community for all.

United Way utilizes its ability to harness the energy of tens of thousands of stakeholders in the community to collectively take on the biggest problems and make a measurable impact.

The Organization achieves its mission through its Community-based Agenda focused on supporting children and families to break the cycle of poverty and creating lasting change. The Organization engages the community in identifying the underlying causes of the most significant local issues, developing strategies and mobilizing the required financial and human resources to address them and measuring the results.

United Way of Southern Nevada is part of a worldwide movement to create communities where all children and families can succeed by providing strong starts for future success. The Organization also acts as the fiscal agent for several State of Nevada grant programs benefiting the Southern Nevada area.

United Way staff works closely with community members to create positive change by solving complex community problems from cradle-to-career. The Organization's staff engages in advocacy and public policy, development of strategic initiatives and community leadership. United Way staff members manage and support community impact programs and provide nonprofit support and technical assistance.

United Way has learned it takes more than promising programs to change conditions in southern Nevada. The Organization mobilizes businesses, institutions, nonprofits, and residents to positively impact the community and create long-lasting generational change. By pursuing approaches that can be measured and programs that are proven to succeed, the Organization is getting to the root of the region's most troubling issues. The Organization works collaboratively with various community members to make permanent, systemic changes in areas that support the basics that we all need.

Annual fundraising campaigns are conducted throughout the fiscal year to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support the Community-based initiatives, a variety of local health and human services programs, and to pay the United Way's operating expenses.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Nature of Activities (continued):

The Combined Federal Campaign (CFC) was established by the Federal government in 1961. The CFC is the only authorized charitable fundraising campaign for Federal employees, both civilian and military. A Local Federal Coordinating Committee (LFCC) comprised of local Federal employees, authorized by the CFC regulations, organizes the CFC. The Organization was appointed by the LFCC as the Principal Combined Fund Organization (PCFO) to administer the local campaign under the direction and control of the LFCC and the U.S. Office of Personnel Management. In addition to administering the campaign as the PCFO, the Organization also applies annually to the CFC as a federation. As a CFC federation, the Organization honors designations to each member organization by distributing a proportionate share of receipts based on donor designations to each member. In 2017 the Office of Personnel Management took over administration of all CFC campaigns nationwide (Note 14).

Contributors may direct their pledges to qualified 501(c)(3) organizations, United Way's Community Impact Fund or to a United Way Community-based Agenda initiative including education, health and financial stability. Specific donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way Worldwide membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

Revenues related to the Community-based Agenda programs are included in campaign results and funded program distributions in the accompanying Statement of Activities. Specific contributor designations are not included in revenues, gains, other support, or in funded program allocations in the Statement of Activities in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605 and subsections, as United Way passes these contributions to the donor-designated party.

Commitments to distribute funds to United Way Community-based Agenda initiatives are dependent on the results of United Way's community campaign. Generally, commitments are paid over the calendar year, on a monthly or quarterly basis, following Board of Directors approval. Future support and activities and realization of its pledges receivable could be affected by adverse changes in economic conditions in this area.

Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the term of the grant. Grant funds received prior to expenditure are recorded initially as an advance from the grantor under liabilities.

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and fully comply with the FASB ASC applicable for not-for-profit organizations. The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Basis of Presentation: Financial statement presentation follows the guidelines of the FASB ASC. Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are available for the support of the Organization's activities. Temporarily restricted net assets represent funds subject to donor-imposed restrictions which will be met either by the Organization's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents: Cash and cash equivalents include both unrestricted and restricted cash. The Organization considers all highly-liquid instruments purchased with an original maturity of twelve months or less to be cash equivalents.

Use of Estimates: Timely preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from management's estimates. Specifically, the allowance for estimated uncollectible pledges (Note 3) is susceptible to revision in the near term.

Pledges Receivable: Annual campaign pledge contributions consist of unconditional promises to give by donors (Note 3). Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at net realizable value. Pledges receivable are net of allowance and discount for uncollectible pledges.

Allowances for Uncollectible Pledges: The allowance for uncollectible pledges is computed based upon a three-year historical average and management's consideration of current economic factors that could affect pledge collections (Note 3). Using these criteria, the provision was determined to be 6.6% and 6.0% of gross campaign pledge revenue as of June 30, 2018 and 2017, respectively. After two years, uncollected campaign pledges are written off for the annual pledge campaign.

Property and Equipment: Property and equipment (Note 4) owned and used in operations are included in unrestricted net assets at cost or, if donated, at fair market value at the date of donation. All expenditures for property and equipment in excess of \$500 are capitalized at the time of purchase. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to thirty-one years. Total depreciation and amortization expense amounted to \$101,154 and \$105,631 for the years ended June 30, 2018 and 2017, respectively.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Gifts of Long-Lived Assets: The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Tax Status and Unrelated Business Tax: The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. It is classified as a publicly supported charitable organization under IRC Section 509(a)(1); therefore, donations qualify for maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi).

Donated Goods and Services: Donated services are recognized as contributions in accordance with FASB ASC 958-605 and subsections. The estimated fair value of donated services included in the financial statements consists of various services totaling \$18,124 and \$0 for the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, donated services, which consisted of training and computer maintenance for \$18,124 was recorded as a management and general expense in the Statement of Functional Expenses.

The Organization receives donations in the form of materials and supplies to support its program activities. The Organization utilized various donations totaling \$259,982 and \$415,561 for the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, donated materials and supplies of \$169,498, \$89,404 and \$1,080 were recorded as program, fundraising and management and general expense, respectively, in the Statement of Functional Expenses. Donated materials and supplies consisted of advertising and other totaling \$172,122 and \$87,860. For the year ended June 30, 2017, donated materials and supplies of \$302,907 and \$112,654 were recorded as program and fundraising expense, respectively, in the Statement of Functional Expenses. Donated materials and supplies consisted of advertising and other totaling \$369,400 and \$46,131, respectively.

The Organization pays for substantially all services that would otherwise meet the requirements to be recorded as a contributed service. A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's programs and fundraising campaigns. These donated services are not reflected in the financial statements since they do not meet the FASB ASC 958-605 and subsections criteria for recognition as contributed services.

Revenue Recognition: All current campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted (Note 12) or permanently restricted, as appropriate.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition (continued):

The Organization reports contributions of cash and other assets as restricted support if the contributions are received with donor stipulations that limit the use of the donated assets. Donations designated for remittance to specific organizations or agencies are excluded from contributions revenue, except for a service charge, and accounted for as agency transactions and obligations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions, unless the donor restriction is met within the same accounting period. In this case, the contribution is recorded as an increase in unrestricted net assets.

Gifts of cash or other assets that must be used to acquire land, buildings and other long-lived assets are reported as restricted support. Absent donor stipulations about how long those assets must be maintained the Organization reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

Contributions are recognized as support in the Statement of Activities in the period, including bequests and unconditional pledges receivable, at their estimated net realizable value, discounted to present value if due in more than one year. Uncollectible pledges receivable, if any, are charged as a reduction of revenue in the Statement of Activities. Bequests are recognized at the time the Organization's right to them is established by a court and to the extent the value of the proceeds is subject to reasonable estimation.

Functional Expenses: The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classification based on the time study allocation method and on a direct cost basis. This is consistent with the standards for allocation of functional expenses established by FASB ASC and United Way Worldwide. Additional information about the functional allocation is as follows:

Program descriptions include United Way's three main programs: Funded Program Allocations, Community Development and Other Grants.

Funded Program Allocations include community distribution dollars to the Organization's Community-based Agenda programs which aim to provide strong starts for children and students while supporting their families, focusing on Early Childhood Education, High School Achievement, Post-Secondary Attainment and Workforce Supports. Projects during the year include: Early Education Scholarships, Building Capacity for Early Education Centers, Early Education Family Engagement, High School Graduation Support, College Attainment and Workforce Readiness, Family Engagement Resource Centers for High School Success, Health Clinics, Financial Education for Children and Financial Stability Programs for Families. Expenses include grants to organizations that provide services to the community pursuant to the programs' criteria and objectives and staff labor. Community-based Agenda involves the process of planning and investing resources to effectively address the needs of Southern

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Expenses (continued):

Nevada's children and families and includes outcome measurement, planning and problem-solving.

Community Development includes activities that fund investment and strategic community initiatives, including Community Engagement, Emergency Food and Shelter Program, Project REACH and community services/labor.

Other Grants are managed by Community Development and include a variety of federal and private grants, including: Nevada Ready! and Windsong (providing high quality early education throughout Southern Nevada), Snell & Wilmer (providing resources to improve the quality of home-based childcare) Lumina Foundation (expanding access to post-secondary education), EITC/CTC (advocating for hardworking Nevadans through tax credits), Schwab Bank MyPath (increasing strong fiscal habits in young adults), and Americorps and VISTA (increasing volunteerism and assisting local organizations).

Supporting services descriptions include fundraising and management and general. Fundraising includes resource development and marketing. These two groups are responsible for the annual fundraising campaign, building strong programs in communications, advertising, media relations, community awareness, visibility and education about the Organization. In addition, resource development and marketing are responsible for developing long-term relationships with key customers and facilitating the involvement of local organization, corporations and businesses in community service.

Management and general is responsible for providing support for all areas of the Organization, including campaign pledge processing, accounting, finance, facilities management, information systems and human resource management. Responsible for ensuring the financial integrity of the Organization, this area manages the financial controls and reporting of financial data to the volunteers, the donors and the community.

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 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 June 30, 2017 from which the summarized information was derived.

Reclassifications: Certain reclassifications may have been made to the 2017 financial statements to conform to the 2018 presentation.

Advertising: Advertising costs are expensed as incurred. Total advertising costs for the year ended June 30, 2018 and 2017 are \$199,144 and \$386,402, respectively. For the year ended June 30, 2018, the Organization paid \$27,021 of advertising costs and \$172,123 was donated to the Organization. For the year ended June 30, 2017, the Organization paid \$17,002 of advertising costs and \$369,400 was donated to the Organization.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 2. EMPLOYEE BENEFIT PLAN

The Organization has a Section 403(b) retirement plan covering substantially all employees who have completed one month of service and are at least 21 years old. Participants may contribute a percentage of their compensation on a pre-tax basis, up to the maximum allowed under federal guidelines. Employer contributions are a mandatory 4% of participant compensation and totaled \$36,123 and \$89,841 during the years ended June 30, 2018 and 2017, respectively.

NOTE 3. PLEDGES RECEIVABLE

The Organization began a naming gift pledge drive during the year ended June 30, 2015. Based on the size of the donation, donors receive a plaque with their name on it which will be placed in the lobby of the building. Pledges contain no purpose restriction and pledges are paid over five years. The Organization also received a naming gift pledge for their board room which will be paid over ten years. Pledges received after one year are recorded at fair value and discounted at the 5-year U.S. Treasury rate of 1.01% to 2.79%. Campaign pledges are due in one year. Pledges receivable are comprised of the following:

	<u>2018</u>	<u>2017</u>
Pledges receivable, including designations due in less than one year	\$ 4,063,504	\$ 3,763,354
Pledges receivable due in one to five years	<u>522,220</u>	<u>635,098</u>
	4,585,724	4,398,452
Less allowance for uncollectible pledges	730,655	760,249
Less discount to present value	<u>35,045</u>	<u>39,831</u>
	<u>\$ 3,820,024</u>	<u>\$ 3,598,372</u>
Gross pledges due in less than one year	\$ 4,063,504	\$ 3,763,354
Less allowance for current pledges receivable	<u>730,655</u>	<u>760,249</u>
Current receivable balance	3,332,849	3,003,105
Long-term receivable balance, net of discount	<u>487,175</u>	<u>595,267</u>
Net receivable balance	<u>\$ 3,820,024</u>	<u>\$ 3,598,372</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 437,000	\$ 437,000
Building and improvements	2,461,860	2,461,860
Furniture, fixtures and equipment	<u>411,922</u>	<u>352,759</u>
	3,310,782	3,251,619
Less accumulated depreciation	<u>757,717</u>	<u>656,563</u>
	<u>\$ 2,553,065</u>	<u>\$ 2,595,056</u>

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 5. CONCENTRATIONS

The Organization maintains funds at several financial institutions located in Southern Nevada whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits, which is \$250,000 per depositor, per institution. The uninsured balance at June 30, 2018 was \$1,415,151.

The Organization also maintains two money market accounts with an institution located in Southern Nevada. The FDIC does not insure the money market accounts. The balances in these accounts at June 30, 2018 was \$15,312.

The Organization receives funding from a federal grant for \$5,992,138, which represents 54% of total revenue for the year ended June 30, 2018.

NOTE 6. OPERATING LEASES

The Organization leases office equipment under various operating leases.

Future minimum lease payments under the equipment leases are as follows:

2019	\$	13,416
2020		13,416
2021		13,416
2022		<u>2,934</u>
	\$	<u>43,182</u>

Total expense incurred for the year ended June 30, 2018 and 2017 for the above leases was \$13,416 and \$13,616, respectively.

NOTE 7. CAPITAL LEASE

The Organization entered into a capital lease for office building signs in February 2012. The signs were delivered in July 2012 and the lease was effective August 1, 2012. The purchase value of \$72,821 was recorded as an asset and amortization of assets held under capital leases is included in depreciation expense. Total accumulated amortization is \$42,479 and \$37,624 as of June 30, 2018 and 2017, respectively. Interest on the capital lease was \$149 and \$1,201 for the fiscal years ended June 30, 2018 and 2017, respectively. The lease was paid off in July 2017.

NOTE 8. REFUNDABLE ADVANCES LIABILITY

Refundable advances are recognized as revenues during the fiscal year in which they are earned. For the years ended June 30, 2018 and 2017, refundable advances consist of those grants that include a refund clause for monies not spent in accordance with donors' instructions and prepaid tenant rental income. Total refundable advances were \$757,197 and \$1,023,901 as of June 30, 2018 and 2017, respectively. Of these amounts, \$750,497 and \$1,017,201 related to grants and \$6,700 and \$6,700 related to prepaid tenant rental income for the years ended June 30, 2018 and 2017, respectively.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 9. LONG-TERM DEBT

In 2011 the Organization had a loan with Wells Fargo which financed the purchase of the property at 5830 W. Flamingo Road, Las Vegas, NV. In December 2015, the loan was refinanced through public finance authority revenue bonds for \$1,344,000. The loan is amortized over 23 years at 3.24% interest with monthly payments of \$7,188. In April 2018, the interest rate increased to 3.94% as a result of the decrease in the Federal Corporate Income Tax rate per the terms of the loan agreement. This resulted in an increase to the monthly payment of \$7,643. The purchaser of the bonds is Wells Fargo whom has financed the loan through December 1, 2022.

Required principal payments on the bonds payable is as follows for the year ended June 30, 2018:

2019	\$	43,777
2020		45,532
2021		47,358
2022		49,257
2023		51,232
Thereafter		<u>1,000,164</u>
		1,237,320
Less current portion		<u>43,777</u>
Net of current portion		1,193,543
Less bond issuance costs		<u>69,402</u>
		<u>\$ 1,124,141</u>

NOTE 10. BOND ISSUANCE COSTS

Bond issuance costs consisted of the following:

	<u>2018</u>	<u>2017</u>
Bond issuance costs	\$ 78,337	\$ 78,337
Less accumulated amortization	<u>8,935</u>	<u>5,361</u>
Unamortized bond issuance costs	<u>\$ 69,402</u>	<u>\$ 72,976</u>

Amortization (interest) expense was \$3,574 and \$3,574 for the year ended June 30, 2018 and 2017, respectively. Future estimated amortization for this asset is as follows:

2019	\$	3,574
2020		3,574
2021		3,574
2022		3,574
2023		3,574
Thereafter		<u>51,532</u>
		<u>\$ 69,402</u>

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 11. LINE OF CREDIT

The Organization has a revolving line of credit for \$300,000 which expires on June 15, 2019. Interest shall accrue on the unpaid outstanding principal balance at a floating rate equal to the Prime rate plus 1.250%. The line of credit is collateralized by the Organization's Wells Fargo savings account. The line of credit had a \$0 balance for the year ended June 30, 2018.

NOTE 12. TEMPORARILY RESTRICTED NET ASSETS

Contributions received by the Organization are temporarily restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Community Investment Account		
Leadership checkbook	\$ 135,790	\$ 176,141
Project REACH	778,607	867,049
Kids and Cops program	105,685	108,685
Homeless Trust program	94,158	93,408
Better Life for Families	2,210	2,210
Community Assessment	5,000	5,000
Women's Leadership Council	<u>7,953</u>	<u>-</u>
	<u>\$ 1,129,403</u>	<u>\$ 1,252,493</u>

Temporarily restricted assets consist of the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 393,254	\$ 1,129,564
Pledges receivable	<u>736,149</u>	<u>122,929</u>
	<u>\$ 1,129,403</u>	<u>\$ 1,252,493</u>

NOTE 13. RELATED PARTIES

The Organization's Board of Directors' members are active in both the oversight of United Way and its various fundraising events. Contributions received from the Board of Directors members were approximately \$154,750 and \$212,010 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14. COMMITMENTS

During the year ended June 30, 2018, United Way no longer served as the fundraising and fiscal agent for the Nevada Combined Federal Campaign (CFC), which is the principal fundraising activity for all U.S. governmental departments and agencies in Nevada.

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 14. COMMITMENTS (CONTINUED)

In its capacity, United Way assisted CFC in raising \$412,153 for the year ended June 30, 2017. This was included in United Way's gross campaign results and donor designations. During 2017, CFC expenses totaled \$94,144 for campaign and administrative support provided by United Way. These expenses were reimbursed to United Way. Distributions to agencies share in a proportionate share of receipts, expenses and allowance for uncollectible pledges. The following pledge receivable balance is included with gross pledge receivable balance and allowance for uncollectible pledges stated in Note 3.

	2017
CFC pledges receivable, including designations	\$ 212,084
Less allowance for CFC uncollectible pledges	37,094
	\$ 174,990

NOTE 15. CUSTODIAN FUNDS

Custodian funds are held by United Way for the account of certain programs and are disbursed only upon instructions from third parties. The amount of custodian funds held for these programs and not commingled by United Way totaled \$11,598 and \$36,641 at June 30, 2018 and 2017, respectively, and are reflected in the cash and cash equivalents and other agency obligation balances in the accompanying financial statements.

NOTE 16. SUBSEQUENT EVENT

United Way has evaluated events occurring subsequent to the balance sheet date through October 23, 2018 the date the financial statements were available to be issued determining no other events require adjustment to or additional disclosure in the financial statements.

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

To the Board of Directors
United Way of Southern Nevada, Inc.
Las Vegas, Nevada

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 Southern Nevada, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southern Nevada Inc.'s internal control over financial reporting (internal control) to determine 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 United Way of Southern Nevada Inc.'s (the Organization) internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Southern Nevada Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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*.

Certified Public Accountants
20 YEARS & COUNTING

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.

Las Vegas, Nevada
October 23, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
United Way of Southern Nevada, Inc.
Las Vegas, Nevada

Report on Compliance for Each Major Federal Program

We have audited United Way of Southern Nevada Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Southern Nevada, Inc.'s major federal programs for the year ended June 30, 2018. United Way of Southern Nevada, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Southern Nevada, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Southern Nevada, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Southern Nevada, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Southern Nevada, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of United Way of Southern Nevada, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In

planning and performing our audit of compliance, we considered United Way of Southern Nevada, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Southern Nevada, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Las Vegas, Nevada
October 23, 2018

**UNITED WAY OF SOUTHERN NEVADA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Grantor Agency</u>	<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
Passed through State of Nevada: U.S. Department of Education	Preschool Development Grant Nevada Ready Grant	84.419A	S419A150004	5,992,138	5,603,579
Passed through United Way World Wide: U.S. Department of Homeland Security	Emergency Food and Shelter	97.024	LRO ID: 586800-010	18,379	-
				<u>\$ 6,010,517</u>	<u>\$ 5,603,579</u>

See notes to financial statements

UNITED WAY OF SOUTHERN NEVADA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of United Way of Southern Nevada, Inc., under programs of the federal government for the year ended June 30, 2018 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule presents only a selected portion of the operations of United Way of Southern Nevada, Inc. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. United Way of Southern Nevada, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

United Way of Southern Nevada, Inc. received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards.

UNITED WAY OF SOUTHERN NEVADA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the financial statements of United Way of Southern Nevada, Inc.
2. No instances of material weaknesses or significant deficiencies related to the audit of the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of United Way of Southern Nevada, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

1. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
2. The auditor's report on compliance for United Way of Southern Nevada, Inc. expresses an unmodified opinion.
3. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
4. The program tested as a major program was the U.S. Department of Education, Preschool Development Grant, CFDA Number 84.419A.
5. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
6. United Way of Southern Nevada, Inc. qualifies as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENT AUDIT

None.

**UNITED WAY OF SOUTHERN NEVADA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

PRIOR YEAR FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

None.