

Southern United Neighborhoods
AUDITED FINANCIAL STATEMENTS &
SINGLE AUDIT REPORTS

YEAR ENDED DECEMBER 31, 2013

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SINGLE AUDIT REPORTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Southern United Neighborhoods

Report on the Financial Statements

We have audited the accompanying financial statements of Southern United Neighborhoods (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, 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 Southern United Neighborhoods as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 September 23, 2014, on our consideration of Southern United Neighborhoods' 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 Southern United Neighborhoods' internal control over financial reporting and compliance.

Cassells & Associates, CPA, P.A.

Cassells & Associates, CPA, P.A.

Miramar, Florida

September 23, 2014

**SOUTHERN UNITED NEIGHBOURHOODS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

ASSETS

CURRENT ASSETS

Cash	\$ 41,018
Grant Receivable (Note 2)	67,545

TOTAL CURRENT ASSETS 108,563

TOTAL ASSETS \$ 108,563

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 61,577
Deferred Revenue	<u>27,742</u>

TOTAL CURRENT LIABILITIES 89,319

NET ASSETS

Unrestricted	19,244
Temporarily Restricted	<u>-</u>

TOTAL NET ASSETS 19,244

TOTAL LIABILITIES AND NET ASSETS \$ 108,563

The Accompanying Notes are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBOURHOODS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Revenues:

Unrestricted Revenues:

Federal Financial Assistance	\$	634,474
Contributions from Foundations		69,500
Donations from Local Business		3,647
TOTAL UNRESTRICTED REVENUES		707,621
TOTAL UNRESTRICTED SUPPORT	\$	707,621

Expenses:

Program Service Expense:

Personnel Cost	\$	100,513
Program Service Direct Expense		541,670
Equipment Cost		25,430
Occupancy Cost		13,800
Professional Fees		13,000
Office Supplies and Expense		7,068
Insurance		3,181
Travel and Meetings		3,812
Total Program Services	\$	708,474

Supporting Services:

Telephone		1,682
Occupancy Cost		3,200
Office Expense		567
Total Support Services	\$	5,449

TOTAL EXPENSES	\$	713,923
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INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$	(6,302)
NET ASSETS AT BEGINNING OF YEAR	\$	25,546

NET ASSETS AT END OF YEAR	\$	19,244
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The Accompanying Notes are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBOURHOODS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$ (6,302)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Grant Receivable	(67,545)
Increase (Decrease) in:	
Accounts Payable and Accrued Expense	61,577
Deferred Revenue	<u>27,742</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>15,472</u>
NET INCREASE (DECREASE) IN CASH	15,472
CASH AT THE BEGINNING OF YEAR	<u>25,546</u>
CASH AT END OF YEAR	<u><u>\$ 41,018</u></u>
Supplemental Information:	
Interest Paid During the Year	<u><u>\$ -</u></u>

The Accompanying Notes are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBORHOODS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southern United Neighborhoods ("The Organization"), was organized as a non-profit organization chartered by the State of Louisiana and is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). The Organization was founded in March 2010 and provided support to low to moderate income people in combatting poverty, discrimination and community deterioration that keeps low income people from taking advantages of their rights and opportunities.

The Organization is the lead organization of a consortium working in the Southern regions of the United States, specifically Arkansas, Louisiana and Texas to provide education and outreach into this region on programs that reduce poverty and stabilize families.

Programs

HHS Navigator Project: U.S. Department of Health and Human Services Grant award to support preparation and outreach activities to help consumers navigate their health care coverage options in the Health Insurance Marketplace.

Home Investment Partnerships Program (HOME Program): U.S. Department of Housing and Urban Development grant award under the HOME program. The primary objective of the grant is to expanding the supply of decent and affordable housing, particularly housing for low and very low income Americans. The grant is administered by the City of New Orleans, Office of Community Development as a pass-through agent.

A Community Voice (ACV): Provides a vehicle for low to moderate income families to affect the issues that impacts their everyday lives such as affordable housing, discrimination, and neighborhood improvement. The ACV program Organization is supported by grants from numerous foundations, including; Needmor Foundation, Hill Snowdon Foundation, Ben & Jerry's Foundation and the Douglas H Phelps Foundation and contributions from business.

Revenue Recognition

All grants, contracts and contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Contributions and Grant Receivable

Contributions and grant receivable that are expected to be collected within one year are recorded at their net realizable value.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate 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. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

**SOUTHERN UNITED NEIGHBORHOODS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reporting amount of revenue and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

Unearned Revenue/Deferred Revenue

Unearned revenue at the Organization arises only when the Organization receives resources before it has legal claim to them. The Organization reported deferred revenue in connection with resources that have been received, but not yet earned. At December 31, 2013 total deferred revenue was \$27,742.

Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification 958(FASB ASC 958). Under FASB ASC 958, 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. In addition, the Organization is required to present a statement of cash flows.

NOTE 2 - GRANT RECEIVABLE

Grant Receivable at December 31, 2013 consists of the following:

Home Investment Partnerships Program (HOME Program)	\$ 50,000
HHS Navigator Project Grant	<u>17,545</u>
Total Grant Receivable	<u>\$ 67,545</u>

NOTE 3 - COMMITMENTS

Operating Leases:

The Organization is committed under various operating leases for office and program facilities. Lease expenditures for office and program facilities for the year ended December 31, 2013 amounted to \$17,000. Future minimum base lease payments are approximately as follows:

Fiscal Year Ending December 31, 2013	Minimum Lease Payment
2014	\$ 50,600
2015	\$ 21,600
2016	\$ 21,600
2017	\$ 21,600
2018	\$ 19,800
Total	<u>\$ 135,200</u>

SOUTHERN UNITED NEIGHBORHOODS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 — PROGRAM SERVICES

Expense for the Organization’s major program activities for the year ending December 31, 2013 are as follows:

HHS Navigator Project	\$ 361,506
Home Investment Partnerships Program (HOME Program)	272,968
A Community Voice	<u>74,000</u>
Total	<u>\$ 708,474</u>

Included in the HHS Navigator Project program expenditure are disbursements totaling \$210,316 to the following Partner Organizations for the implementation of the program objectives:

- Local 100 United Labor Union
- Affiliated Media Foundation Movement (AMFM)
- Arkansas Community Institute (ACI)

Included on the HOME Program expenditure are disbursements totaling \$251,863 to general contractors for the rehabilitation of homes in the Lower 9th Ward in the City of New Orleans.

NOTE 5 — CONCENTRATION OF REVENUE SOURCES

Approximately 90% of the Organization’s revenue is derived from grants from Federal Grants. The current level of the Organization’s operations and program services may be impacted or segments discontinued if the funding is not renewed each year. As of December 31, 2013 the Organization reported \$ 634,474 in federal grant and contract funding from the Department of Housing and Urban Development and Department of Health and Human Services. Reference should be made to the Schedule of Expenditures of Federal Awards (which is outside the basic Financial Statements).

NOTE 6 – CONTINGENCY

The grant revenues amounts are subject to audit and adjustments. If any expenditures or expenses are disallowed by the grantor as a result of such audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 7 - UNCERTAIN TAX POSITIONS

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 8 — SUBSEQUENT EVENTS

Subsequent events were evaluated through September 23, 2014, which is the date the financial statements were available to be issued.



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**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***

The Board of Directors
Southern United Neighborhoods

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 Southern United Neighborhoods (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern United Neighborhoods' 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 Southern United Neighborhood's 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Southern United Neighborhoods' 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*.

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.

Cassells & Associates, CPA, PA

Cassells & Associates, CPA, PA

Miramar, Florida

September 23, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Board of Directors
Southern United Neighborhoods

Report on Compliance for Each Major Federal Program

We have audited Southern United Neighborhoods compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southern United Neighborhoods major federal programs for the year ended December 31, 2013. Southern United Neighborhoods 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southern United Neighborhoods 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Southern United Neighborhoods 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 Southern United Neighborhoods compliance.

Opinion on Each Major Federal Program

In our opinion, Southern United Neighborhoods, 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 December 31, 2013.

Report on Internal Control over Compliance

Management of Southern United Neighborhoods 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 Southern United Neighborhoods 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 OMB Circular A-133, 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 Southern United Neighborhoods 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cassells & Associates, CPA, PA
Cassells & Associates, CPA, PA
Miramar, Florida
September 23, 2014

**SOUTHERN UNITED NEIGHBOURHOODS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Agency, Pass-through Entity/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Health and Human Services		
Direct Program:		
PPHF Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Exchanges Navigator Grants	93.750	\$ 361,506
Department of Housing and Urban Development		
City of New Orleans Office of Community Development HOME Investment Partnerships Program (HOME Program)	14.239	272,968
 Total Expenditures of Federal Awards		 <u>\$ 634,474</u>

**SOUTHERN UNITED NEIGHBORHOODS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Southern United Neighborhoods under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*. Because the Schedule presents only a selected portion of the operation of Southern United Neighborhoods, it is not intended to and does not present the financial position, change in net assets, or cash flows of Southern United Neighborhoods

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profits Organization*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.
- 2) Pass-through entity identifying numbers are presented where available.

**SOUTHERN UNITED NEIGHBORHOODS
SCHEDULE OF FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified Opinion	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	___√___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	___√___ None Reported
Non-compliance material to financial statements noted?	___ Yes	___√___ No

Federal Award Programs

<i>Internal control over major award program:</i>		
Material weakness(es) identified?	___ Yes	___√___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	___√___ None Reported

Type of auditors’ report issued on compliance for major award programs:

	Qualified Opinion	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)	___ Yes	___√___ No

Identification of major federal program:

Federal Programs

	<u>CFDA No.</u>
<u>Department of Health and Human Services:</u>	
PPHF Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Exchanges Navigator Grants	93.750
<u>Department of Housing and Urban Development:</u>	
Home Investment Partnership Program (HOME Program)	14.239
Dollar threshold used to distinguish between Type A and Type B Program	<u>\$300,000</u>
Auditee qualifies as low-risk auditee?	___ Yes ___√___ No

**SOUTHERN UNITED NEIGHBORHOODS
SCHEDULE OF FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings in current year

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTION COSTS

No findings in current year

**SOUTHERN UNITED NEIGHBORHOODS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Prior Year Comments and Status

The following addresses the status of the finding reported in the fiscal year ended December 31, 2012 schedule of findings and question costs:

FINANCIAL STATEMENTS FINDINGS

No findings in prior year

FEDERAL AWARDS FINDINGS AND QUESTION COSTS

No findings in prior year