

**Southern United Neighborhoods
AUDITED FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2015

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AUDITED FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	1-2
--	------------

FINANCIAL STATEMENTS:

Statement of Financial Position	3
---------------------------------------	---

Statement of Activities.....	4
------------------------------	---

Statement of Cash Flows	5
-------------------------------	---

Notes to the Financial Statements	6-8
---	-----

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 <i>GOVERNMENT AUDITING STANDARDS</i>.....	9
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CASSELLS & ASSOCIATES, C.P.A., P.A.
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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, 2015, 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.

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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, 2015, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2016, 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

October 4, 2016

**SOUTHERN UNITED NEIGHBORHOODS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS

Cash	\$ 333
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TOTAL CURRENT ASSETS	<u>333</u>
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TOTAL ASSETS	<u><u>\$ 333</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ -
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TOTAL CURRENT LIABILITIES	<u>-</u>
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NET ASSETS

Unrestricted	333
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Temporarily Restricted	<u>-</u>
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TOTAL NET ASSETS	<u>333</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 333</u></u>
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The Accompanying Notes Are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBORHOODS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Revenues:

Unrestricted Revenues:

Federal Financial Assistance	\$ 457,886
Contributions from Foundations	92,636

TOTAL UNRESTRICTED SUPPORT	\$ 550,522
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Expenses:

Program Service Expense:

Program Service Direct Expense	\$ 453,232
Personnel Cost	94,420
Occupancy Cost	1,600
Professional Fees	15,000
Office Supplies and Expense	1,116
Insurance	6,972
Travel and Meetings	2,400

Total Program Services	\$ 574,740
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Supporting Services:

Telephone	3,348
Office Expense	1,537

Total Support Services	\$ 4,885
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TOTAL EXPENSES	\$ 579,625
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INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ (29,103)
NET ASSETS AT BEGINNING OF YEAR	\$ 29,436

NET ASSETS AT END OF YEAR	\$ 333
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The Accompanying Notes Are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBORHOODS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets \$ (29,103)

Adjustments to Reconcile Increase in Net Assets to

Net Cash Provided by Operating Activities:

Increase (Decrease) in:

Accounts Payable and Accrued Expense (19,517)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (48,620)

NET INCREASE (DECREASE) IN CASH (48,620)

CASH AT THE BEGINNING OF YEAR 48,953

CASH AT END OF YEAR \$ 333

Supplemental Information:

Interest Paid During the Year \$ -

The Accompanying Notes Are an Integral Part of These Statements.

**SOUTHERN UNITED NEIGHBORHOODS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 grant.

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, 2015**

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.

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 - COMMITMENTS

Operating Leases:

The Organization is committed under operating leases for office facilities which was amended to expire on March 1, 2015. Lease expenditures for office and program facilities for the year ended December 31, 2015 amounted to \$1,600.

NOTE 3 - 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.

**SOUTHERN UNITED NEIGHBORHOODS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - PROGRAM SERVICES

Expense for the Organization's major program activities for the year ending December 31, 2015 are as follows:

HHS Navigator Project	\$ 11,590
Home Investment Partnerships Program (HOME Program)	460,158
A Community Voice & Other Programs	<u>102,992</u>
Total	<u>\$ 574,740</u>

Included in the HHS Navigator Project program expenditure are disbursements totaling \$4,090 to the following Partner Organizations for the implementation of the program objectives:

- Local 100 United Labor Union

Included on the HOME Program expenditure are disbursements totaling \$449,142 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, 2015 the Organization reported \$ 457,886 in federal grant and contract funding from the Department of Housing and Urban Development and Department of Health and Human Services.

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 - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 4, 2016, which is the date the financial statements were available to be issued.



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**INDEPENDENT AUDITORS' 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, 2015, 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 October 4, 2016.

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 Neighborhoods 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.

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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, P.A.

Cassells & Associates, CPA, P.A.

Miramar, Florida

October 4, 2016