

UNITED WAY OF SOUTH MISSISSIPPI, INC.
FINANCIAL STATEMENTS
MARCH 31, 2019



UNITED WAY OF SOUTH MISSISSIPPI, INC.

TABLE OF CONTENTS

MARCH 31, 2019

	<u>Page(s)</u>
List of Officials	1
Independent Auditors' Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6-7
Statement of Functional Expenses	8
Notes to Financial Statements	9-15

**UNITED WAY OF SOUTH MISSISSIPPI, INC.
LIST OF OFFICIALS**

MARCH 31, 2019

BOARD OF DIRECTORS

Brent Fairley	President
Melissa Russo	President Elect
Amy Haygood	Past President
Stacey O'Connell	Vice President of Finance
Richmond Vincent	Secretary
Rick Williams	Vice President of Resource Development
James Moody	Vice President of Marketing & Communications
Carlos Bell	Vice President of Community Impact
Jenny Bell	Member
Glenn Needham	Member
Lea Bellon	Member
Charles O'Hala	Member
Jeff Blanchard	Member
Byron Speights	Member
Greg Capranica	Member
Jeff Stone	Member
David Duhe	Member
Alex Treutel	Member
Gordon Myrick	Member
Lori West	Member
Micah Necaize	Member

Chief Executive Officer

Kathy Springer



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT AUDITORS' REPORT

September 27, 2019

To the Board of Directors
United Way of South Mississippi, Inc.
Gulfport, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of South Mississippi, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, 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.

Auditors' 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 auditors' 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 auditors consider 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.

Board of Directors
United Way of South Mississippi, Inc.
September 27, 2019

Auditors' Responsibility (Continued)

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 South Mississippi, Inc. as of March 31, 2019, 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.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

FINANCIAL STATEMENTS

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 374,257
Cash equivalents, certificates of deposit	963,058
Pledges receivable, net of allowance	331,134
Other receivable	20,098
Prepaid expenses	<u>9,558</u>
Total current assets	<u>1,698,105</u>

NONCURRENT ASSETS

Investment in certificates of deposit	240,539
Investment in marketable securities	49,594
Investment in Gulf Coast Nonprofit Center	<u>114,981</u>
Total noncurrent assets	<u>405,114</u>

PROPERTY AND EQUIPMENT

Furniture and fixtures	3,982
Office equipment	<u>117,520</u>
Total property and equipment	121,502
Less: accumulated depreciation	<u>(113,379)</u>
Net property and equipment	<u>8,123</u>

TOTAL ASSETS \$ 2,111,342

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 6,272
Grants payable	75,000
Payroll and related liabilities	7,043
Deferred revenues	19,920
Designations payable	<u>69,859</u>
 Total liabilities	 <u>178,094</u>

NET ASSETS

Without donor restrictions:	
Investment in fixed assets, net of related debt	8,123
Board designated	799,079
Undesignated	<u>1,126,046</u>
 Total without donor restriction	 <u>1,933,248</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,111,342</u></u>
---	-----------------------------------

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

**REVENUE AND OTHER SUPPORT
WITHOUT DONOR RESTRICTIONS**

Contributions, pledged	\$ 640,941
Contributions, other agencies	20,621
Grant revenue	487,566
Sponsorship income	16,658
Administrative fees	22,068
Interest	4,288
Investment return, net	21,078
Special events income	41,676
In-kind donations	40,407
Decrease in equity of unconsolidated non-profit entity	(32,700)
Loss on asset disposal	<u>(1,328)</u>
 Total revenue and other support	 <u>1,261,275</u>

EXPENSES

Program Services	
Grants awarded	846,231
Other expenses	<u>232,612</u>
 Total program services	 <u>1,078,843</u>
Support Services	
Management and general	265,733
Fundraising	<u>288,386</u>
 Total support services	 <u>554,119</u>
 Total expenses	 <u>1,632,962</u>

CHANGE IN NET ASSETS (371,687)

NET ASSETS, BEGINNING OF YEAR 2,304,935

NET ASSETS, END OF YEAR \$ 1,933,248

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions, governmental entities, grants, and fees	\$ 1,337,929
Cash paid for program and support services	(1,593,516)
Interest and dividends received	<u>4,288</u>
Net cash used in operating activities	<u>(251,299)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from certificates of deposit maturities	483,921
Purchases of certificates of deposit	<u>(486,738)</u>
Net cash used in investing activities	<u>(2,817)</u>
Decrease in cash	(254,116)
Cash, beginning of year	<u>1,591,431</u>
Cash, end of year	<u>\$ 1,337,315</u>

RECONCILIATION OF TOTAL CASH

Cash - current assets	\$ 374,257
Cash equivalents, certificates of deposit - current assets	<u>963,058</u>
Total cash	<u>\$ 1,337,315</u>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED MARCH 31, 2019**

**RECONCILIATION OF CHANGES IN NET
ASSETS TO NET CASH USED IN
OPERATING ACTIVITIES**

Change in net assets	<u>\$ (371,687)</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:	
Depreciation and amortization	3,894
Bad debt	44,865
Decrease in equity of unconsolidated non-profit entity	32,700
Realized gain on investments	(905)
Loss on fixed asset abandonment	1,328
(Increase) decrease in assets:	
Pledges receivable	108,500
Other receivable	(20,098)
Prepaid expenses	(177)
Decrease in liabilities:	
Accounts payable	(4,130)
Grants payable	(15,222)
Payroll and related liabilities	(5,521)
Designations payable	(18,866)
Deferred revenues	<u>(5,980)</u>
Total adjustments	<u>120,388</u>
Net cash used in operating activities	<u><u>\$ (251,299)</u></u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019**

	PROGRAM SERVICES				MANAGEMENT AND GENERAL			
	Community Impact	Education	Volunteer Center	Total Program Services	Administration & Marketing	Fundraising	Total Support Services	Total (Memorandum Only)
GRANTS AWARDED								
Community impact grants	\$ 317,000	\$ -	\$ -	\$ 317,000	\$ -	\$ -	\$ -	\$ 317,000
Early education	-	164,697	-	164,697	-	-	-	164,697
Utility assistance	264,356	-	-	264,356	-	-	-	264,356
Dolly Parton Imagination Library	-	33,271	-	33,271	-	-	-	33,271
Other	66,907	-	-	66,907	-	-	-	66,907
Total grants awarded	648,263	197,968	-	846,231	-	-	-	846,231
OTHER EXPENSES								
Salaries, benefits, and payroll taxes	45,099	33,565	37,673	116,337	146,540	152,398	298,938	415,275
Advertising	100	417	305	822	248	2,400	2,648	3,470
Audit & professional	388	30,330	388	31,106	23,831	388	24,219	55,325
Bad debt	-	-	-	-	44,865	-	44,865	44,865
Bank fees	-	-	-	-	4,526	304	4,830	4,830
Communication & technology	7,427	1,682	-	9,109	9,667	1,969	11,636	20,745
Depreciation	-	-	-	-	3,894	-	3,894	3,894
Events	-	-	573	573	874	102,903	103,777	104,350
Insurance	630	826	834	2,290	6,392	874	7,266	9,556
Membership dues & subscriptions	2,852	2,852	2,852	8,556	6,540	4,434	10,974	19,550
Miscellaneous	-	-	-	-	6	-	6	6
Printing	131	426	160	717	415	3,700	4,115	4,832
Rent, repairs & maintenance	2,802	7,122	10,284	20,208	9,860	8,094	17,954	38,162
Staff development	460	1,528	361	2,349	2,965	2,476	5,441	7,790
Supplies	600	27,720	490	28,810	1,532	3,892	5,424	34,234
Travel	1,966	8,356	1,413	11,735	3,578	4,554	8,132	19,867
Total other expenses	62,455	114,824	55,333	232,612	265,733	288,386	554,119	786,731
TOTAL EXPENSES	\$ 710,718	\$ 312,792	\$ 55,333	\$ 1,078,843	\$ 265,733	\$ 288,386	\$ 554,119	\$ 1,632,962

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

United Way of South Mississippi, Inc. (United Way), a non-profit organization, is a local not-for-profit organization with the mission to rally resources, collaboratives, and leadership to improve the quality of life in Hancock, Harrison, Pearl River, and Stone counties. United Way's vision is to improve outcomes in education, health, and income for everyone in these South Mississippi counties by giving children the tools and support they need to thrive in our community. Working together, the Board of Directors (the Board), Committee volunteers, and staff employ multiple strategies to achieve United Way's mission. The Board oversees all aspects of United Way, including approval of funding decisions.

The United Way of South Mississippi, Inc. is a member of United Way Worldwide and was incorporated in 1992. United Way of South Mississippi, Inc. was created as a result of the merger of the United Ways for Harrison, Hancock, and Pearl River Counties which became effective July 1, 1992. In April of 2014, Stone county was added to the organization.

The Board empowers ten or more committees that are comprised of community volunteers whose efforts are supported by employees of United Way. United Way is primarily funded through workplace giving campaigns, grants, support from local businesses, foundations, other government, and private funding. The various board committees and initiatives are organized and overseen by Board leadership as follows:

Community Impact- Community Impact assesses community issues and recommends priorities for investment; provides grants that address United Way's strategic goals around education, financial stability, and health. This creates initiatives such as the FamilyWise prescription discount cards and the Volunteer Income Tax Assistance effort. United Way also participates in local coalitions.

Education Initiative- The Education Initiative works with local coalitions such as Excel by 5 which works with childcare providers and families of young children to educate them on child development, helping understand how to assess a child's progress. Other strategies include supporting a free preschool program for 4-year-olds, which has seven classes in Harrison county, sponsoring the United Way Readers program, the Dolly Parton Imagination Library, and the Mississippi Campaign for Grade Level Reading.

Volunteer Center/Special Projects – Throughout the year, United Way recruits and deploys volunteers to fulfill many vital community needs. Additionally, United Way fields many events throughout the year, including a Day of Action to partner volunteers with nonprofits, a diaper supply drive, Fill the Bus – a school supply drive, and United Way Readers, which places volunteers as readers and mentors in schools.

Disaster Relief – As designated by the Harrison County Emergency Management Agency, United Way, along with the Gulf Coast Community Foundation and its Volunteer Hub, is the designated donation and volunteer center for the county. The two agencies mobilize following a disaster by operating dedicated volunteer hubs at various sites and coordination of all disaster-related donation efforts. Both agencies have dedicated seats at the Harrison County Emergency Operations Center.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements of United Way of South Mississippi have been prepared in conformity with accounting principles generally accepted in the United States of America under the accrual basis of accounting. The accrual basis of accounting is the method of accounting under which liabilities and expenses are recorded when incurred, whether or not paid, and income is recorded when earned, whether or not received.

Financial Statement Presentation

United Way reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of without donor restrictions. In addition, United Way is required to present a statement of cash flows. As permitted by accounting standards, United Way does not use fund accounting.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When donor restrictions are met, these amounts are reported as net assets without donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, United Way reports that support as without donor restrictions.

New Accounting Pronouncement

On August 18, 2016, the FASB issue ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. United Way has adjusted the presentation of its financial statements accordingly. Under the new standards, United Way's net asset previously reported as unrestricted net assets class has been renamed net assets without donor restrictions and the notes to financial statements include a new disclosure about liquidity and availability of resources.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as demand deposits and savings accounts at local banks, and highly liquid investments with an original maturity of three months or less when purchased.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges receivable and contributions

United Way records unconditional promises to give (pledges) as contribution revenue in accordance with generally accepted accounting principles for non-profit organizations. Therefore, pledges are recorded as without donor restrictions support in the period received. The Organization is a grantor awarding grants to organizations in the community from the contribution revenue it receives. Consequently, all pledges to give are recorded as revenues in the financial statements net of the allowance for uncollectible pledges.

Allowance for uncollectible pledges

United Way uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Prepaid Expenses

Prepaid expenses consist of prepaid insurance and other payments to vendors and service providers that are charged to the period to which they relate.

Capital Assets

Furniture and equipment exceeding United Way's capitalization threshold are stated at historical cost. Donated assets are recorded at their estimated fair value on the date of donation. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of fixed assets and exceed the threshold are capitalized. Generally, United Way capitalizes expenditures equal to or greater than \$500. The cost of capital assets sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in the change in net assets on the statement of activities.

Furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Estimated Life</u>
Furniture and fixtures	7yrs
Equipment	3-5yrs

Certificates of Deposit

Certificates of deposit are not exposed to the market. The certificates of deposit are recorded at cost which approximates fair value. Interest income is reported as an increase in net assets without donor restrictions in the reporting period in which the income is recognized.

Grants Payable

Grants payable consist of commitments to designated programs or nonprofit organizations that have not been fully paid as of year-end and total \$75,000.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue consists of corporate sponsorships received before year end which are attributed to special events in future periods.

In-kind contributions

In-kind contributions are recorded at fair market value and are recognized as revenue in the accounting period in which they are received. During the year ended March 31, 2019, United Way received in-kind donations valued at \$40,407 from various local businesses. These donations included advertising space in local newspapers and magazines, lease space, internet services, and venues for special events. United Way recognized marketing and fundraising and administrative expenses equal to in-kind donations received.

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to the Center are tax deductible within the limitations prescribed by the code.

United Way has implemented the accounting requirements associated with uncertainty in income taxes using the provision of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of March 31, 2019, United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Liquidity – Availability of Financial Assets

United Way has \$1,688,547 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$1,337,315 and receivables of \$351,232.

NOTE 2 – PLEDGES RECEIVABLE

All pledges are expected to be received within one year.

The following is a summary of pledges receivable:

	2019
Gross pledges, current campaign	\$ 795,947
Less allowance for uncollectibles	(119,407)
Less collections to date	(345,406)
Pledges receivable, net	<u>\$ 331,134</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 3 - INVESTMENTS

Certificates of Deposit

United Way's investment in certificates of deposit consists of five certificates with a total value of \$1,203,597. The terms of the certificates vary with maturities beginning May 2019 to January 2021, with varying interest rates between .65% and 2.33% and with semi-annual interest payments.

Marketable Securities

Investments in marketable securities at March 31, 2019 consist of the following:

Equity	\$ 31,440
Fixed income	18,154
Total	<u>\$ 49,594</u>

United Way records investments in marketable securities with readily determinable fair values at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and realized gains and losses related to the sale of investments are recognized as income in the period to which they relate.

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

All United Way's marketable securities have been valued using Level 1 measurements.

Investments Returns

The following schedule summarizes the investment return in the statement of activities:

Interest and dividend income	\$ 1,001
Realized gain	21,509
Unrealized loss	(516)
Investment management fees	(916)
Total investment return	<u>\$ 21,078</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 4 – INVESTMENT IN GULF COAST NONPROFIT CENTER

In 2008, the Organization acquired a 20% equity interest in the Gulf Coast Nonprofit Center, Inc. (The Center) for \$500,000. The Center leases space to non-profit organizations on the Mississippi Gulf coast at below market price in order to increase their capacity to serve the community. The Center is a 501 (c)(25) organization with the United Way of South Mississippi, the Gulf Coast Business Council Research Foundation, the Gulf Coast Community Foundation, and the Mississippi Gulf Coast Chamber of Commerce Foundation as its members. The facility is operating with a high occupancy rate as of the date of this report, but declines in that occupancy rate could lead to a higher rate of rent for the equity members or a need for capital contributions by the equity members. It is the policy of United Way to account for this investment under the equity method of accounting.

The following summarized financial information of the Gulf Coast Non-Profit Center, Inc. is being presented using the calendar year end of the Center:

	<u>December 31, 2018</u>		<u>December 31, 2018</u>
Assets	\$ 4,250,697	Revenues	\$ 684,017
Liabilities	<u>20,789</u>	Expenses	<u>847,516</u>
Equity	<u>\$ 4,229,908</u>	Changes in equity	<u>\$ (163,499)</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment and the related accumulated depreciation is as follows:

Asset	Balance March 31, 2018	Additions	Retirements	Balance March 31, 2019
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	<u>121,409</u>	<u>-</u>	<u>3,889</u>	<u>117,520</u>
Total property and equipment	125,391	-	3,889	121,502
Less: accumulated depreciation	<u>(112,046)</u>	<u>(3,894)</u>	<u>2,561</u>	<u>(113,379)</u>
Net property and equipment	<u>\$ 13,345</u>	<u>\$ (3,894)</u>	<u>\$ 6,450</u>	<u>\$ 8,123</u>

Depreciation charged against income for the year ended March 31, 2019 totals \$3,894 and is included in administration & marketing on the statement of functional expenses.

NOTE 6 - DESIGNATIONS PAYABLE

The following is a summary of the designations payable by United Way to other organizations:

Crisis fund	\$ 1,549
Due to other United Way campaigns	<u>68,310</u>
Total designations payable	<u>\$ 69,859</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 7- DESIGNATED NET ASSETS

The Board of Directors has designated unrestricted net assets as follows:

Capital reserve	\$ 6,930
Disaster operations reserve	385,000
Disaster grants reserve	<u>407,149</u>
Totals	<u><u>\$ 799,079</u></u>

NOTE 8- EMPLOYEE RETIREMENT PLAN

United Way of South Mississippi, Inc. sponsors a safe harbor defined contribution retirement plan with Section 403(b) provisions. The plan is available to substantially all of United Way's employees. The plan provides for participating employees to make salary reduction (elective deferral) contributions from their compensation into the plan. United Way will match 100% of participant contributions up to 5% of eligible compensation. Contributions totaling \$6,088 were paid for the year ended March 31, 2019.

NOTE 9- CONCENTRATIONS

Credit Risk

United Way maintains cash balances at six banks located in Mississippi. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. At times during the year, balances on deposit exceeded the FDIC limit. United Way has not experienced any losses in such accounts. Total uninsured cash balances at March 31, 2019 were \$340,338. United Way believes it is not exposed to any significant credit risk on its cash balances.

Economic Dependency

United Way received approximately 90% of United Way's total support from pledges and corporate grants for the year ended March 31, 2019. Approximately 51% was from pledges and 39% was from corporate grants. The remaining 10% was from all other income sources.

NOTE 10- RELATED PARTY TRANSACTIONS

United Way is 20% owner of the Gulf Coast Nonprofit Center, Inc. (GCNC). (See Note 4). GCNC owns the building in which United Way rents office space. Rent expense for the year ended March 31, 2019 was \$30,934, of which \$13,500 was abated.

United Way purchases insurance coverage from a company where a partner is a member of United Way's board of directors. During the year ended March 31, 2019, United Way paid the insurance agency \$9,332 for insurance coverage.

NOTE 11- SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2019 the date on which the financial statements were available to be issued. No such events have been identified by management for this time period that are required to be recognized or disclosed.