

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**



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

**TABLE OF CONTENTS**

**MARCH 31, 2020 AND 2019**

	<b><u>Page(s)</u></b>
<b>List of Officials</b>	1
<b>Independent Auditors' Report</b>	2-3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6-7
Statements of Functional Expenses	8-9
Notes to Financial Statements	10-19

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

**MARCH 31, 2020**

**BOARD OF DIRECTORS**

Melissa Russo	President
Greg Capranica	President Elect
Brent Fairley	Past President
Else' Marie	Vice President of Finance
Micha Necaise	Secretary
Charles O'Hala	Vice President of Marketing & Communications
Lea Bellon	Vice President of Community Impact
Leonard Bentz	Member
Chase Calfee	Member
Carlos Bell	Member
David Duhe	Member
Scott Gregory	Member
Kimberly Hall	Member
Amy Haygood	Member
James Moody	Member
Gordon Myrick	Member
Glenn Needham	Member
Stacey O'Connell	Member
Chas Pierce	Member
Jeff Stone	Member
Alex Treutel	Member
Lori West	Member
Rick Williams	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 8, 2020

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 statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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. 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 8, 2020

***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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

The list of officials is presented for informational purposes and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*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.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 122,894	\$ 304,398
Cash equivalents, certificates of deposit	968,954	963,058
Cash and cash equivalents, restricted	84,294	69,859
Pledges receivable, net of allowance	291,502	331,134
Other receivable	9,618	20,098
Prepaid expenses	<u>2,368</u>	<u>9,558</u>
Total current assets	<u>1,479,630</u>	<u>1,698,105</u>
<b>NONCURRENT ASSETS</b>		
Investment in certificates of deposit	251,544	240,539
Investment in marketable securities	45,787	49,594
Investment in Gulf Coast Nonprofit Center	<u>74,868</u>	<u>114,981</u>
Total noncurrent assets	<u>372,199</u>	<u>405,114</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and fixtures	3,982	3,982
Office equipment	<u>114,498</u>	<u>117,520</u>
Total property and equipment	118,480	121,502
Less: accumulated depreciation	<u>(113,236)</u>	<u>(113,379)</u>
Net property and equipment	<u>5,244</u>	<u>8,123</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,857,073</u></u>	<u><u>\$ 2,111,342</u></u>

## LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,242	\$ 6,272
Grants payable	87,500	75,000
Payroll and related liabilities	8,956	7,043
Unearned revenues	-	19,920
Held for others	<u>84,294</u>	<u>69,859</u>
Total liabilities	<u>187,992</u>	<u>178,094</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Investment in fixed assets, net of related debt	5,244	8,123
Board designated	699,079	799,079
Undesignated	<u>964,758</u>	<u>1,126,046</u>
Total without donor restriction	<u>1,669,081</u>	<u>1,933,248</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,857,073</u></u>	<u><u>\$ 2,111,342</u></u>

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



**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Contributions, pledged	\$ 792,310	\$ 640,941
Contributions, other agencies	13,794	20,621
Grant revenue	732,815	487,566
Sponsorship income	32,843	16,658
Administrative fees	26,932	22,068
Interest	18,323	4,288
Investment return, net	(3,808)	21,078
Special events income	-	41,676
In-kind donations	43,462	40,407
Decrease in equity of unconsolidated non-profit entity	(40,113)	(32,700)
Loss on asset disposal	<u>-</u>	<u>(1,328)</u>
Total revenue and other support	<u>1,616,558</u>	<u>1,261,275</u>
<b>EXPENSES</b>		
Program Services		
Grants awarded	956,183	846,231
Other expenses	<u>414,789</u>	<u>232,685</u>
Total program services	<u>1,370,972</u>	<u>1,078,916</u>
Support Services		
Management and general	237,890	265,660
Fundraising	<u>271,863</u>	<u>288,386</u>
Total support services	<u>509,753</u>	<u>554,046</u>
Total expenses	<u>1,880,725</u>	<u>1,632,962</u>
<b>CHANGE IN NET ASSETS</b>	<b>(264,167)</b>	<b>(371,687)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>1,933,248</b></u>	<u><b>2,304,935</b></u>
<b>NET ASSETS, END OF YEAR</b>	<u><u><b>\$ 1,669,081</b></u></u>	<u><u><b>\$ 1,933,248</b></u></u>

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

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, governmental entities, grants, and fees	<b>\$ 1,618,854</b>	\$ 1,337,929
Cash paid for program and support services	<b>(1,806,352)</b>	(1,593,516)
Interest and dividends received	<b>37,972</b>	4,288
Net cash used in operating activities	<b><u>(149,526)</u></b>	<u>(251,299)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	<b>(642)</b>	-
Proceeds from certificates of deposit maturities	<b>968,954</b>	483,921
Purchases of certificates of deposit	<b><u>(979,959)</u></b>	<u>(486,738)</u>
Net cash used in investing activities	<b><u>(11,647)</u></b>	<u>(2,817)</u>
Decrease in cash	<b>(161,173)</b>	(254,116)
Cash, beginning of year	<b><u>1,337,315</u></b>	<u>1,591,431</u>
Cash, end of year	<b><u><u>\$ 1,176,142</u></u></b>	<u><u>\$ 1,337,315</u></u>
<b>RECONCILIATION OF TOTAL CASH</b>		
Cash - current assets	<b>\$ 122,894</b>	\$ 304,398
Cash- restricted	<b>84,294</b>	69,859
Cash equivalents, certificates of deposit - current assets	<b><u>968,954</u></b>	<u>963,058</u>
Total cash	<b><u><u>\$ 1,176,142</u></u></b>	<u><u>\$ 1,337,315</u></u>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Change in net assets	<u><b>\$ (264,167)</b></u>	<u><b>\$ (371,687)</b></u>
Adjustments reconciling the change in net assets to net cash used in operating activities:		
Depreciation and amortization	<b>3,521</b>	3,894
Bad debt	-	44,865
Decrease in equity of unconsolidated non-profit entity	<b>40,113</b>	32,700
Realized gain (loss) on investments	<b>3,807</b>	(905)
Loss on fixed asset abandonment	-	1,328
(Increase) decrease in assets:		
Pledges receivable	<b>39,632</b>	108,500
Other receivable	<b>10,480</b>	(20,098)
Prepaid expenses	<b>7,190</b>	(177)
Increase (decrease) in liabilities:		
Accounts payable	<b>970</b>	(4,130)
Grants payable	<b>12,500</b>	(15,222)
Payroll and related liabilities	<b>1,913</b>	(5,521)
Designations payable	<b>14,435</b>	(18,866)
Deferred revenues	<u><b>(19,920)</b></u>	<u>(5,980)</u>
Total adjustments	<u><b>114,641</b></u>	<u>120,388</u>
Net cash used in operating activities	<u><b>\$ (149,526)</b></u>	<u><b>\$ (251,299)</b></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, 2020**

	<b>PROGRAM SERVICES</b>				<b>MANAGEMENT AND GENERAL</b>			
	Community Impact	Education	Volunteer/ Special Projects	Total Program Services	Administration & Marketing	Fundraising	Total Support Services	Total (Memorandum Only)
<b>GRANTS AWARDED</b>								
Community impact grants	\$ 378,000	\$ -	\$ -	\$ 378,000	\$ -	\$ -	\$ -	\$ 378,000
Early education	-	101,792	-	101,792	-	-	-	101,792
Utility assistance	366,312	-	-	366,312	-	-	-	366,312
Dolly Parton Imagination Library	-	24,325	-	24,325	-	-	-	24,325
Other	85,754	-	-	85,754	-	-	-	85,754
Total grants awarded	830,066	126,117	-	956,183	-	-	-	956,183
<b>OTHER EXPENSES</b>								
Salaries, benefits, and payroll taxes	45,643	53,719	40,659	140,021	168,290	141,732	310,022	450,043
Advertising	-	-	865	865	1,657	-	1,657	2,522
Audit & professional	498	199,030	572	200,100	22,948	732	23,680	223,780
Bank fees	-	-	-	-	4,457	142	4,599	4,599
Communication & technology	6,361	1,507	-	7,868	7,920	1,542	9,462	17,330
Depreciation	-	-	-	-	3,521	-	3,521	3,521
Events	-	-	1,216	1,216	551	101,201	101,752	102,968
Insurance	509	708	1,029	2,246	4,219	800	5,019	7,265
Membership dues & subscriptions	2,369	2,369	2,369	7,107	5,956	3,684	9,640	16,747
Printing	73	51	50	174	833	3,963	4,796	4,970
Rent, repairs & maintenance	2,569	6,234	9,184	17,987	9,039	7,192	16,231	34,218
Staff development	569	9,853	347	10,769	2,507	2,849	5,356	16,125
Supplies	327	19,247	313	19,887	1,268	3,733	5,001	24,888
Travel	464	5,198	887	6,549	4,724	4,293	9,017	15,566
Total other expenses	59,382	297,916	57,491	414,789	237,890	271,863	509,753	924,542
<b>TOTAL EXPENSES</b>	<b>\$ 889,448</b>	<b>\$ 424,033</b>	<b>\$ 57,491</b>	<b>\$ 1,370,972</b>	<b>\$ 237,890</b>	<b>\$ 271,863</b>	<b>\$ 509,753</b>	<b>\$ 1,880,725</b>

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**

	<b>PROGRAM SERVICES</b>			<b>MANAGEMENT AND GENERAL</b>				
	Community Impact	Education	Volunteer/ Special Projects	Total Program Services	Administration & Marketing	Fundraising	Total Support Services	Total (Memorandum Only)
<b>GRANTS AWARDED</b>								
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
<b>OTHER EXPENSES</b>								
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	-	-	646	646	801	102,903	103,704	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	19,530
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	4,980	361	5,801	2,965	2,476	5,441	11,242
Supplies	600	24,268	490	25,358	1,532	3,892	5,424	30,782
Travel	1,966	8,356	1,413	11,735	3,578	4,554	8,132	19,867
Total other expenses	62,455	114,824	55,406	232,685	265,660	288,386	554,046	786,731
<b>TOTAL EXPENSES</b>	<b>\$ 710,718</b>	<b>\$ 312,792</b>	<b>\$ 55,406</b>	<b>\$ 1,078,916</b>	<b>\$ 265,660</b>	<b>\$ 288,386</b>	<b>\$ 554,046</b>	<b>\$ 1,632,962</b>

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, 2020 AND 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 FamilyWize 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/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, 2020 AND 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.

**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.

**Restricted Assets**

Assets are reported as restricted when limitations on their usage change the nature or normal understanding of the availability of the asset. Such constraints are externally imposed by creditors, contributors, grantors, or laws. Restricted assets consist of funds received for specific programs that are not spent during the current fiscal year.

**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, 2020 AND 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. United Way 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.

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 \$87,500.

**Unearned Revenue**

Unearned 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. For the years then ended March 31, 2020 and 2019, United Way received in-kind donations valued at \$43,462 and \$40,407, respectively, 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, 2020, United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Liquidity – Availability of Financial Assets**

United Way has \$1,392,968 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 and cash equivalents of \$1,091,848 and receivables of \$301,120, which support operations without restrictions as to use.

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 2 – PLEDGES RECEIVABLE**

All pledges are expected to be received within one year.

The following is a summary of pledges receivable for the years ended March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Gross pledges, current campaign	\$ 837,000	\$ 795,947
Less allowance for uncollectibles	(125,550)	(119,407)
Less collections to date	<u>(419,948)</u>	<u>(345,406)</u>
Pledges receivable, net	<u><u>\$ 291,502</u></u>	<u><u>\$ 331,134</u></u>

**NOTE 3 - INVESTMENTS**

*Certificates of Deposit*

Certificates of deposit for the years ended March 31, 2020 and 2019 consists of the following:

			<u><b>2020</b></u>	<u><b>2019</b></u>
	Interest Rate	Maturity Date	Amount	Amount
<b>Current</b>				
The First	1.50%	5/19/2019	\$ -	\$ 200,000
Trustmark	1.98%	6/16/2019	-	246,199
BancorpSouth	0.65%	5/6/2019	-	258,638
The First	0.65%	5/26/2019	-	258,221
Community Bank	2.33%	1/20/2021	240,539	-
The First	2.30%	1/5/2021	204,807	-
Wells Fargo	2.37%	3/6/2021	261,597	-
Regions	0.10%	5/22/2020	<u>262,011</u>	<u>-</u>
			<u>968,954</u>	<u>963,058</u>
<b>Non-Current</b>				
Community Bank	2.33%	1/20/2021	-	240,539
BancorpSouth	2.50%	5/25/2021	<u>251,544</u>	<u>-</u>
			<u>251,544</u>	<u>240,539</u>
Total certificates of deposit			<u><u>\$ 1,220,498</u></u>	<u><u>\$ 1,203,597</u></u>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 3 – INVESTMENTS (Continued)**

*Marketable Securities*

Investments in marketable securities for the years ended March 31, 2020 and 2019 consist of the following:

	2020	2019
Equity	\$ 26,827	\$ 31,440
Fixed income	18,960	18,154
Total	<u>\$ 45,787</u>	<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.

*Investment Returns*

The following schedule summarizes the investment return in the statements of activities for the years ended March 31, 2020 and 2019:

	2020	2019
Interest and dividend income	\$ 1,167	\$ 1,001
Realized gain	1,889	21,509
Unrealized loss	(5,902)	(516)
Investment management fees	(962)	(916)
Total investment return	<u>\$ (3,808)</u>	<u>\$ 21,078</u>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 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, 2019</u>		<u>December 31, 2019</u>
Assets	\$ 4,047,146	Revenues	\$ 676,701
Liabilities	<u>17,807</u>	Expenses	<u>877,269</u>
Equity	<u>\$ 4,029,339</u>	Changes in equity	<u>\$ (200,568)</u>
	<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>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**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, 2019	Additions	Retirements	Balance March 31, 2020
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	117,520	642	3,664	114,498
Total property and equipment	121,502	642	3,664	118,480
Less: accumulated depreciation	(113,379)	(3,521)	3,664	(113,236)
Net property and equipment	<u>\$ 8,123</u>	<u>\$ (2,879)</u>	<u>\$ 7,328</u>	<u>\$ 5,244</u>

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

Depreciation expense included in the statement of activities and the statement of functional expenses is \$3,521 and \$3,894 for the years ended March 31, 2020 and 2019, respectively.

**NOTE 6 – AMOUNTS HELD FOR OTHERS**

The following is a summary of the amounts held for others by United Way for the years ended March 31, 2020 and 2019:

	2020	2019
Crisis fund	\$ 6,182	\$ 1,549
Due to other United Way campaigns	78,112	68,310
Total designations payable	<u>\$ 84,294</u>	<u>\$69,859</u>

**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 7- DESIGNATED NET ASSETS**

The Board of Directors has designated net assets without donor restrictions for the years ended March 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Capital reserve	\$ 6,930	\$ 6,930
Disaster operations reserve	385,000	385,000
Disaster grants reserve	307,149	407,149
Totals	<u>\$ 699,079</u>	<u>\$ 799,079</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 \$12,900 and \$6,088 were paid for the years ended March 31, 2020 and 2019, respectively.

**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, 2020 were \$25,152. United Way believes it is not exposed to any significant credit risk on its cash balances.

*Economic Dependency*

United Way received approximately 94% of United Way's total support from pledges and corporate grants for the year ended March 31, 2020. Approximately 49% was from pledges and 45% was from corporate grants. The remaining 6% 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 totaling \$28,357 and \$30,934, of which \$15,468 and \$13,500 was abated for the years ended March 31, 2020 and 2019, respectively.

United Way purchases insurance coverage from a company where a partner is a member of United Way's board of directors. During the years ended March 31, 2020 and 2019, United Way paid the insurance agency \$1,625 and \$4,239 respectively, for insurance coverage.



**UNITED WAY OF SOUTH MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 11- CONTINGENCIES**

A novel strain of coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak. As of the date of this report, the effects are uncertain and cannot be reasonably estimated.

**NOTE 12- SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 8, 2020, the date on which the financial statements were available to be issued. Subsequent events were as follows:

Under provisions of the Coronavirus Aid, relief, and Economic Security (CARES) act, on April 20, 2020, United Way received a \$83,100 Paycheck Protection Program (PPP) loan through Hancock Whitney Bank. The PPP loan is 100% guaranteed by the U.S. Small business Administration (SBA). The major terms of the loan are 1% per annum interest rate, first six months payments deferred, and April 20, 2022 maturity date. Also included in the SBA's PPP loan agreement, is the stipulation that, if certain criteria is met during the six month deferral period, the loan will be fully forgiven and will be considered revenue. As of the date of this report, the six month deferral period had not expired.

Additionally, United Way received donations of \$418,982 from additional sources, in response to COVID-19.