

UNITED WAY OF SOUTH MISSISSIPPI, INC.
FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020



UNITED WAY OF SOUTH MISSISSIPPI, INC.

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

MARCH 31, 2021

BOARD OF DIRECTORS

Melissa Russo	President
Greg Capranica	President Elect
Brent Fairley	Past President
Else' Marie	Vice President of Finance
Micah Necaie	Secretary
Charles O'Hala	Vice President of Marketing & Communications
Lea Bellon	Vice President of Community Impact
Scott Gregory	Vice President of Research and Development
Leonard Bentz	Member
Kimberly Hall	Member
Amy Bateson	Member
David Duhe	Member
Chase Calfee	Member
Sean Courtney	Member
Nikki Johns	Member
Carlos Bell	Member
James Moody	Member
John McCarty	Member
Gordon Myrick	Member
Kreg Overstreet	Member
Chas Pierce	Member
Ric Williams	Member
Jeff Stone	Member
Alex Treutel	Member
Lori West	Member
Rick Williams	Member
Glenn Needham	Member
Stacey O'Connell	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

July 28, 2021

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, 2021 and 2020, 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.

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, 2021 and 2020, 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, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 185,344	\$ 122,894
Investment in certificates of deposit	858,777	968,954
Cash and cash equivalents, restricted	99,726	84,294
Pledges receivable, net of allowance	337,972	291,502
Other receivable	-	9,618
Prepaid expenses	<u>14,583</u>	<u>2,368</u>
Total current assets	<u>1,496,402</u>	<u>1,479,630</u>
NONCURRENT ASSETS		
Investment in certificates of deposit	251,544	251,544
Investment in marketable securities	60,526	45,787
Investment in Gulf Coast Nonprofit Center	<u>51,262</u>	<u>74,868</u>
Total noncurrent assets	<u>363,332</u>	<u>372,199</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	3,982	3,982
Office equipment	<u>87,946</u>	<u>114,498</u>
Total property and equipment	91,928	118,480
Less: accumulated depreciation	<u>(89,650)</u>	<u>(113,236)</u>
Net property and equipment	<u>2,278</u>	<u>5,244</u>
TOTAL ASSETS	<u><u>\$ 1,862,012</u></u>	<u><u>\$ 1,857,073</u></u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 6,273	\$ 7,242
Grants payable	75,000	87,500
Payroll and related liabilities	8,268	8,956
Held for others	99,726	84,294
SBA, payroll protection loan, current portion	9,728	-
Total current liabilities	<u>198,995</u>	<u>187,992</u>
LONG-TERM LIABILITIES		
SBA, payroll protection loan, net of current portion	<u>69,534</u>	<u>-</u>
Total long-term liabilities	<u>69,534</u>	<u>-</u>
TOTAL LIABILITIES	<u>268,529</u>	<u>187,992</u>
NET ASSETS		
Without donor restrictions:		
Investment in fixed assets, net of related debt	2,278	5,244
Board designated	699,079	699,079
Undesignated	827,822	964,758
Total without donor restriction	<u>1,529,179</u>	<u>1,669,081</u>
With donor restriction		
Covid-19 relief funds	<u>64,304</u>	<u>-</u>
Total with donor restriction	<u>64,304</u>	<u>-</u>
Total net assets	<u>1,593,483</u>	<u>1,669,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,862,012</u></u>	<u><u>\$ 1,857,073</u></u>

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

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Without</u> <u>Donor Restriction</u>	<u>With</u> <u>Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 605,415	\$ -	\$ 605,415
Contributions, Covid-19 relief fund	271,856	64,304	336,160
Contributions, Hurricane Zeta relief fund	65,148	-	65,148
Contributions, other agencies	20	-	20
Special events income	109,300	-	109,300
Grant revenue	659,765	-	659,765
Sponsorship income	3,314	-	3,314
Administrative fees	35,388	-	35,388
Interest	29,926	-	29,926
Investment return, net	14,739	-	14,739
In-kind donations	49,375	-	49,375
Decrease in equity of unconsolidated non-profit entity	(23,606)	-	(23,606)
Debt forgiveness	83,100	-	83,100
	<u>1,903,740</u>	<u>64,304</u>	<u>1,968,044</u>
EXPENSES			
Program Services			
Grants awarded	1,102,620	-	1,102,620
Other expenses	503,207	-	503,207
	<u>1,605,827</u>	<u>-</u>	<u>1,605,827</u>
Support Services			
Management and general	224,090	-	224,090
Fundraising	213,725	-	213,725
	<u>437,815</u>	<u>-</u>	<u>437,815</u>
Total expenses	<u>2,043,642</u>	<u>-</u>	<u>2,043,642</u>
CHANGE IN NET ASSETS	(139,902)	64,304	(75,598)
NET ASSETS, BEGINNING OF YEAR	<u>1,669,081</u>	<u>-</u>	<u>1,669,081</u>
NET ASSETS, END OF YEAR	<u>\$ 1,529,179</u>	<u>\$ 64,304</u>	<u>\$ 1,593,483</u>

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

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 713,055	\$ -	\$ 713,055
Contributions, other agencies	13,794	-	13,794
Special events income	79,255	-	79,255
Grant revenue	732,815	-	732,815
Sponsorship income	32,843	-	32,843
Administrative fees	26,932	-	26,932
Interest	18,323	-	18,323
Investment return, net	(3,808)	-	(3,808)
In-kind donations	43,462	-	43,462
Decrease in equity of unconsolidated non-profit entity	(40,113)	-	(40,113)
Total revenue and other support	<u>1,616,558</u>	<u>-</u>	<u>\$ 1,616,558</u>
EXPENSES			
Program Services			
Grants awarded	956,183	-	956,183
Other expenses	414,789	-	414,789
Total program services	<u>1,370,972</u>	<u>-</u>	<u>1,370,972</u>
Support Services			
Management and general	237,890	-	237,890
Fundraising	271,863	-	271,863
Total support services	<u>509,753</u>	<u>-</u>	<u>509,753</u>
Total expenses	<u>1,880,725</u>	<u>-</u>	<u>1,880,725</u>
CHANGE IN NET ASSETS	(264,167)	-	(264,167)
NET ASSETS, BEGINNING OF YEAR	<u>1,933,248</u>	<u>-</u>	<u>1,933,248</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,669,081</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,669,081</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, governmental entities, grants, and fees	\$ 1,777,658	\$ 1,618,854
Cash paid for program and support services	(2,002,241)	(1,806,352)
Interest and dividends received	29,926	37,972
Net cash used in operating activities	<u>(194,657)</u>	<u>(149,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(642)
Proceeds from certificates of deposit maturities	858,777	963,058
Purchases of certificates of deposit	<u>(748,600)</u>	<u>(979,959)</u>
Net cash provided by (used in) investing activities	<u>110,177</u>	<u>(17,543)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt	<u>162,362</u>	-
Net cash provided by financing activities	<u>162,362</u>	-
Increase (decrease) in cash	77,882	(167,069)
Cash, beginning of year	<u>207,188</u>	<u>374,257</u>
Cash, end of year	<u><u>\$ 285,070</u></u>	<u><u>\$ 207,188</u></u>
RECONCILIATION OF TOTAL CASH		
Cash - current assets	\$ 185,344	\$ 122,894
Cash- restricted	<u>99,726</u>	<u>84,294</u>
Total cash	<u><u>\$ 285,070</u></u>	<u><u>\$ 207,188</u></u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	<u>\$ (75,598)</u>	<u>\$ (264,167)</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,966	3,521
Debt forgiveness	(83,100)	-
Decrease in equity of unconsolidated non-profit entity	23,606	40,113
Realized gain (loss) on investments	(14,739)	3,807
(Increase) decrease in assets:		
Pledges receivable	(46,470)	39,632
Other receivable	9,618	10,480
Prepaid expenses	(12,215)	7,190
Increase (decrease) in liabilities:		
Accounts payable	(969)	970
Grants payable	(12,500)	12,500
Payroll and related liabilities	(688)	1,913
Designations payable	15,432	14,435
Deferred revenues	-	(19,920)
Total adjustments	<u>(119,059)</u>	<u>114,641</u>
Net cash used in operating activities	<u><u>\$ (194,657)</u></u>	<u><u>\$ (149,526)</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, 2021

	PROGRAM SERVICES				MANAGEMENT AND GENERAL			
	Community Impact	Education	Volunteer/ Special Projects	Total Program Services	Administration & Marketing	Fundraising	Total Support Services	Total (Memorandum Only)
GRANTS AWARDED								
Community impact grants	\$ 698,968	\$ -	\$ -	\$ 698,968	\$ -	\$ -	\$ -	\$ 698,968
Early education	-	87,203	-	87,203	-	-	-	87,203
Utility assistance	269,126	-	-	269,126	-	-	-	269,126
Dolly Parton Imagination Library	-	28,076	-	28,076	-	-	-	28,076
Other	19,247	-	-	19,247	-	-	-	19,247
Total grants awarded	987,341	115,279	-	1,102,620	-	-	-	1,102,620
OTHER EXPENSES								
Salaries, benefits, and payroll taxes	52,974	50,746	56,805	160,525	185,461	97,959	283,420	443,945
Advertising	-	-	731	731	1,504	-	1,504	2,235
Audit & professional	3,923	257,073	4,728	265,724	5,520	6,517	12,037	277,761
Bank fees	578	635	813	2,026	1,216	1,215	2,431	4,457
Communication & technology	6,461	1,308	-	7,769	5,711	2,278	7,989	15,758
Depreciation	-	-	-	-	2,966	-	2,966	2,966
Events	-	-	2,057	2,057	275	79,519	79,794	81,851
Insurance	840	840	1,176	2,856	7,984	1,513	9,497	12,353
Membership dues & subscriptions	3,130	3,130	4,385	10,645	4,675	6,141	10,816	21,461
Printing	57	57	80	194	84	3,128	3,212	3,406
Rent, repairs & maintenance	4,205	6,460	9,124	19,789	7,062	10,838	17,900	37,689
Staff development	48	10,183	47	10,278	66	-	66	10,344
Supplies	586	17,429	826	18,841	805	3,354	4,159	23,000
Travel	331	378	1,063	1,772	761	1,263	2,024	3,796
Total other expenses	73,133	348,239	81,835	503,207	224,090	213,725	437,815	941,022
TOTAL EXPENSES	\$ 1,060,474	\$ 463,518	\$ 81,835	\$ 1,605,827	\$ 224,090	\$ 213,725	\$ 437,815	\$ 2,043,642

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

	PROGRAM SERVICES				MANAGEMENT AND GENERAL			
	Community Impact	Education	Volunteer/ Special Projects	Total Program Services	Administration & Marketing	Fundraising	Total Support Services	Total (Memorandum Only)
GRANTS AWARDED								
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
OTHER EXPENSES								
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	6,533	12,489	19,596
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	-	2,507	13,276
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
TOTAL EXPENSES	\$ 889,448	\$ 424,033	\$ 57,491	\$ 1,370,972	\$ 237,890	\$ 271,863	\$ 509,753	\$ 1,880,725

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, 2021 AND 2020

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 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 nine 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, 2021 AND 2020

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 Pronouncements

During the current fiscal year, United Way implemented new Accounting Standards Update 2018-08, *Not-for-Profit Entities- Revenue Recognition (Topic 958-605)*, that provide guidance for entities to determine whether a transaction should be accounted for as a contribution or as an exchange transaction. The implementation of this new standard had no impact on United Way's financial statements.

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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020, United Way received in-kind donations valued at \$49,375 and \$43,462, respectively, from various local businesses. These donations included advertising, lease space, internet services, and venues for special events. United Way recognized marketing and fundraising and administrative expenses equal to in-kind donations received.

Functional Allocation of Expenses

The cost of providing United Way's programs and support services has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and support services benefited based on a combination of specific identification and allocation by management.

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, 2021, United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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's financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures are summarized as follows at March 31:

	2021	2020
Cash and cash equivalents	\$ 185,344	\$ 122,894
Certificates of deposit	858,777	968,954
Pledges receivable, net of allowance	337,972	291,502
Other receivable	-	9,618
Total	<u>\$1,382,093</u>	<u>\$1,392,968</u>

NOTE 2 – PLEDGES RECEIVABLE

All pledges are expected to be received within one year.

The following is a summary of pledges receivable at March 31:

	2021	2020
Gross pledges, current campaign	\$ 609,813	\$ 837,000
Less allowance for uncollectibles	(91,472)	(125,550)
Less collections to date	<u>(180,369)</u>	<u>(419,948)</u>
Pledges receivable, net	<u>\$ 337,972</u>	<u>\$ 291,502</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 3 - INVESTMENTS

Certificates of Deposit

Certificates of deposit are summarized as follows at March 31:

			<u>2021</u>	<u>2020</u>
	Interest	Maturity		
Current	Rate	Date	Amount	Amount
The People's	0.17%	3/9/2022	\$ 131,601	-
Community Bank	0.20%	1/20/2022	252,494	240,539
Trustmark	0.45%	11/29/2021	262,273	-
The First	0.20%	1/5/2022	212,409	204,807
Wells Fargo	2.37%	3/6/2021	-	261,597
Regions	0.10%	5/22/2020	-	262,011
			<u>858,777</u>	<u>968,954</u>
 Non-Current				
BancorpSouth	0.15%	5/25/2022	251,544	251,544
			<u>251,544</u>	<u>251,544</u>
Total certificates of deposit			<u>\$ 1,110,321</u>	<u>\$ 1,220,498</u>

Marketable Securities

Investments in marketable securities are summarized as follows at March 31:

	<u>2021</u>	<u>2020</u>
Equity	\$ 41,506	\$ 26,827
Fixed income	19,020	18,960
Total	<u>\$ 60,526</u>	<u>\$ 45,787</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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 3 – INVESTMENTS (Continued)

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 of 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, 2021 and 2020:

	2021	2020
Interest and dividend income	\$ 1,002	\$ 1,167
Realized gain	1,530	1,889
Unrealized gain (loss)	13,199	(5,902)
Investment management fees	(992)	(962)
Total investment return, net	<u>\$ 14,739</u>	<u>\$ (3,808)</u>

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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 4 – INVESTMENT IN GULF COAST NONPROFIT CENTER (Continued)

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, 2020</u>		<u>December 31, 2020</u>
Assets	\$ 3,919,493	Revenues	\$ 671,829
Liabilities	<u>8,184</u>	Expenses	<u>789,861</u>
Equity	<u>\$ 3,911,309</u>	Changes in equity	<u>\$ (118,032)</u>

	<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>

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, 2020	Additions	Retirements	Balance March 31, 2021
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	<u>114,498</u>	<u>-</u>	<u>(26,552)</u>	<u>87,946</u>
Total property and equipment	118,480	-	(26,552)	91,928
Less: accumulated depreciation	<u>(113,236)</u>	<u>(2,966)</u>	<u>26,552</u>	<u>(89,650)</u>
Net property and equipment	<u>\$ 5,244</u>	<u>\$ (2,966)</u>	<u>\$ -</u>	<u>\$ 2,278</u>

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

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 5 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense included in the statement of activities and the statement of functional expenses is \$2,966 and \$3,521 for the years ended March 31, 2021 and 2020, respectively.

NOTE 6- SBA LOAN PAYABLE

At March 31, notes payable consists of the following:

	<u>2021</u>
Hancock Whitney Bank, SBA Payroll Protection Program (PPP) loan, originated February 19, 2021 in the amount of \$79,262; interest at 1.00% per annum; monthly payments deferred until September 19, 2021; matures on February 19, 2026.	<u>\$ 79,262</u>
Total notes payable	79,262
Less: current portion	<u>9,728</u>
Notes payable, long-term portion	<u><u>\$ 69,534</u></u>

The schedule of maturities of notes payable at March 31, 2021 is as follows:

	<u>Amount</u>
2022	\$ 9,728
2023	17,495
2024	17,671
2025	17,849
2026	<u>16,519</u>
Total	<u><u>\$ 79,262</u></u>

NOTE 7 – AMOUNTS HELD FOR OTHERS

The following is a summary of the amounts held for others by United Way at March 31:

	<u>2021</u>	<u>2020</u>
Crisis fund	\$ -	\$ 6,182
Due to other United Way campaigns	<u>99,726</u>	<u>78,112</u>
Total designations payable	<u><u>\$ 99,726</u></u>	<u><u>\$84,294</u></u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 8- NET ASSETS

Board Designated

The Board of Directors has designated net assets without donor restrictions for the years ended March 31, 2021 and 2020 as follows:

	2021	2020
Capital reserve	\$ 6,930	\$ 6,930
Disaster operations reserve	385,000	385,000
Disaster grants reserve	307,149	307,149
Totals	<u>\$ 699,079</u>	<u>\$ 699,079</u>

With Donor Restriction

Net assets with donor restriction for the year ended March 31, 2021, consist of various donations received during the current fiscal year with stipulations that they are only to be used for the COVID-19 relief effort.

NOTE 9- 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 \$14,597 and \$12,900 were paid for the years ended March 31, 2021 and 2020, respectively.

NOTE 10- LOAN FORGIVENESS

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. 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 months deferral period, the loan will be fully forgiven and will be considered revenue.

As of March 31, 2021, United Way had sufficiently met all criteria for the loan to be fully forgiven. Subsequently, United Way received signed confirmation on April 27, 2021 that the loan was fully forgiven. Therefore, the loan proceeds, \$83,100, are recognized as loan forgiveness in the statement of activities.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 10- LOAN FORGIVENESS (Continued)

Under provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, on February 19, 2021, United Way received a second Paycheck Protection Program (PPP) loan in the amount of \$79,262. 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 February 19, 2026, maturity date. Also included in the SBA's PPP loan agreement, is the stipulation that, if certain criteria is met during the six months deferral period, the loan will be fully forgiven and will be considered revenue.

As of March 31, 2021, United Way had not met all criteria for the second PPP loan to be fully forgiven. Therefore the loan proceeds, \$79,262, are recognized as long term debt on the statements of financial position.

NOTE 11- 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, 2021 were \$83,020. United Way believes it is not exposed to any significant credit risk on its cash balances.

Economic Dependency

United Way received approximately 85% of United Way's total support from pledges, corporate grants, and COVID-19 and Hurricane Zeta funds contributions for the year ended March 31, 2021. Approximately 31% was from pledges, 34% was from corporate grants, and 20% was from COVID-19 and Hurricane Zeta funds contributions. The remaining 15% was from all other income sources.

NOTE 12- 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 \$29,809 and \$28,357, of which \$15,468 and \$15,468 was abated for the years ended March 31, 2021 and 2020, 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, 2021 and 2020, United Way paid the insurance agency \$1,625 and \$1,625 respectively, for insurance coverage.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 13- 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 14- SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 28, 2021, 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.