

UNITED WAY OF SOUTH MISSISSIPPI, INC.
FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021



UNITED WAY OF SOUTH MISSISSIPPI, INC.

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

MARCH 31, 2022

BOARD OF DIRECTORS

Charles O'Hala	President
Scott Gregory	President Elect
Greg Capranica	Past President
Else' Marie	Vice President of Finance
Micah Necaise	Secretary
James Kaigler	Vice President of Marketing & Communications
Lea Bellon	Vice President of Community Impact
Martha Polk	Vice President of Research and Development
Leonard Bentz	Member
Sean Courtney	Member
David Duhe	Member
Shyra Galloway	Member
Tripp Harrison	Member
Nikki Johns	Member
Brad Kessie	Member
Glenn Needham	Member
Stacey O'Connell	Member
Kreg Overstreet	Member
Jase Payne	Member
Melissa Russo	Member
Jeff Stone	Member
Alex Treutel	Member
Ric 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

August 1, 2022

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

Opinion

We have audited the financial statements of United Way of South Mississippi, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of South Mississippi, Inc. as of March 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of South Mississippi, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of South Mississippi, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of South Mississippi, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of South Mississippi, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 471,018	\$ 185,344
Investment in certificates of deposit	740,632	858,777
Cash and cash equivalents, restricted	17,932	99,726
Pledges receivable, net of allowance	224,632	337,972
Prepaid expenses	<u>10,133</u>	<u>14,583</u>
Total current assets	<u>1,464,347</u>	<u>1,496,402</u>
NONCURRENT ASSETS		
Investment in certificates of deposit	-	251,544
Investment in marketable securities	60,726	60,526
Investment in Gulf Coast Nonprofit Center	<u>20,357</u>	<u>51,262</u>
Total noncurrent assets	<u>81,083</u>	<u>363,332</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	3,982	3,982
Office equipment	<u>90,262</u>	<u>87,946</u>
Total property and equipment	94,244	91,928
Less: accumulated depreciation	<u>(80,782)</u>	<u>(89,650)</u>
Net property and equipment	<u>13,462</u>	<u>2,278</u>
TOTAL ASSETS	<u><u>\$ 1,558,892</u></u>	<u><u>\$ 1,862,012</u></u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable	\$ 18,225	\$ 6,273
Grants payable	62,177	75,000
Payroll and related liabilities	8,838	8,268
Held for others	17,932	99,726
SBA, payroll protection loan, current portion	-	9,728
Total current liabilities	<u>107,172</u>	<u>198,995</u>
LONG-TERM LIABILITIES		
SBA, payroll protection loan, net of current portion	-	69,534
Total long-term liabilities	<u>-</u>	<u>69,534</u>
TOTAL LIABILITIES	<u>107,172</u>	<u>268,529</u>
NET ASSETS		
Without donor restrictions:		
Investment in fixed assets, net of related debt	13,462	2,278
Board designated	699,079	699,079
Undesignated	739,179	827,822
Total without donor restriction	<u>1,451,720</u>	<u>1,529,179</u>
With donor restriction		
Covid-19 relief funds	-	64,304
Total with donor restriction	<u>-</u>	<u>64,304</u>
Total net assets	<u>1,451,720</u>	<u>1,593,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,558,892</u></u>	<u><u>\$ 1,862,012</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, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 503,229	\$ -	\$ 503,229
Contributions, Hurricane Zeta relief fund	257	-	257
Contributions, Hurricane Ida relief fund	15,232	-	15,232
Special events income	95,900	-	95,900
Grant revenue	683,678	-	683,678
Sponsorship income	4,249	-	4,249
Administrative fees	40,259	-	40,259
Interest	20,239	-	20,239
Investment return, net	200	-	200
In-kind donations	70,620	-	70,620
Decrease in equity of unconsolidated non-profit entity	(30,905)	-	(30,905)
Debt forgiveness	79,262	-	79,262
Released from restriction	64,304	(64,304)	-
	<u>1,546,524</u>	<u>(64,304)</u>	<u>1,482,220</u>
Total revenue and other support			
EXPENSES			
Program Services			
Grants awarded	535,569		535,569
Other expenses	577,086	-	577,086
	<u>1,112,655</u>	<u>-</u>	<u>1,112,655</u>
Total program services			
Support Services			
Management and general	232,421	-	232,421
Fundraising	278,907	-	278,907
	<u>511,328</u>	<u>-</u>	<u>511,328</u>
Total support services			
Total expenses	<u>1,623,983</u>	<u>-</u>	<u>1,623,983</u>
CHANGE IN NET ASSETS	(77,459)	(64,304)	(141,763)
NET ASSETS, BEGINNING OF YEAR	<u>1,529,179</u>	<u>64,304</u>	<u>1,593,483</u>
NET ASSETS, END OF YEAR	<u>\$ 1,451,720</u>	<u>\$ -</u>	<u>\$ 1,451,720</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**

	Without Donor Restriction	With Donor Restriction	Total
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
	<hr/>	<hr/>	<hr/>
Total revenue and other support	1,903,740	64,304	\$ 1,968,044
EXPENSES			
Program Services			
Grants awarded	1,102,620	-	1,102,620
Other expenses	503,207	-	503,207
	<hr/>	<hr/>	<hr/>
Total program services	1,605,827	-	1,605,827
Support Services			
Management and general	224,090	-	224,090
Fundraising	213,725	-	213,725
	<hr/>	<hr/>	<hr/>
Total support services	437,815	-	437,815
	<hr/>	<hr/>	<hr/>
Total expenses	2,043,642	-	2,043,642
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(139,902)	64,304	(75,598)
NET ASSETS, BEGINNING OF YEAR	1,669,081	-	1,669,081
	<hr/>	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 1,529,179	\$ 64,304	\$ 1,593,483
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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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, governmental entities, grants, and fees	\$ 1,456,144	\$ 1,777,658
Cash paid for program and support services	(1,627,030)	(2,002,241)
Interest and dividends received	20,239	29,926
Net cash used in operating activities	(150,647)	(194,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(15,162)	-
Proceeds from certificates of deposit maturities	1,110,321	858,777
Purchases of certificates of deposit	(740,632)	(748,600)
Net cash provided by investing activities	354,527	110,177
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt	-	162,362
Net cash provided by financing activities	-	162,362
Increase in cash	203,880	77,882
Cash, beginning of year	285,070	207,188
Cash, end of year	\$ 488,950	\$ 285,070
RECONCILIATION OF TOTAL CASH		
Cash - current assets	\$ 471,018	\$ 185,344
Cash- restricted	17,932	99,726
Total cash	\$ 488,950	\$ 285,070

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	<u>\$ (141,763)</u>	<u>\$ (75,598)</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:		
Depreciation and amortization	5,323	2,966
Debt forgiveness	(79,262)	(83,100)
Decrease in equity of unconsolidated non-profit entity	30,905	23,606
Realized gain (loss) on investments	(200)	(14,739)
(Increase) decrease in assets:		
Pledges receivable	113,340	(46,470)
Other receivable	-	9,618
Prepaid expenses	4,450	(12,215)
Increase (decrease) in liabilities:		
Accounts payable	10,580	(969)
Grants payable	(12,823)	(12,500)
Payroll and related liabilities	570	(688)
Designations payable	(81,767)	15,432
Total adjustments	<u>(8,884)</u>	<u>(119,059)</u>
Net cash used in operating activities	<u>\$ (150,647)</u>	<u>\$ (194,657)</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, 2022**

	PROGRAM SERVICES			MANAGEMENT AND GENERAL			
	Community Impact	Education	Volunteer/ Special Projects	Total Program Services	Administration & Marketing	Fundraising	Total Support Services (Memorandum Only)
GRANTS AWARDED							
Community impact grants	\$ 235,464	\$ -	\$ -	\$ 235,464	\$ -	\$ -	\$ 235,464
Early education	-	100,892	-	100,892	-	-	100,892
Utility assistance	162,567	-	-	162,567	-	-	162,567
Dolly Parton Imagination Library	-	23,540	-	23,540	-	-	23,540
Other	13,106	-	-	13,106	-	-	13,106
Total grants awarded	411,137	124,432	-	535,569	-	-	535,569
OTHER EXPENSES							
Salaries, benefits, and payroll taxes	55,801	47,890	52,614	156,305	192,272	108,334	456,911
Advertising	-	75	472	547	1,943	-	2,490
Audit & professional	3,426	333,406	4,797	341,629	5,024	6,227	352,880
Bank fees	631	659	883	2,173	932	1,161	4,266
Communication & technology	7,833	1,302	-	9,135	5,783	2,353	17,271
Depreciation	-	-	-	-	5,323	-	5,323
Events	-	-	506	506	745	128,567	129,818
Insurance	823	823	1,159	2,805	4,368	1,495	8,668
Membership dues & subscriptions	3,738	3,738	5,232	12,708	5,612	9,473	27,793
Printing	214	-	1,210	1,424	170	2,507	4,101
Rent, repairs & maintenance	4,314	6,755	9,507	20,576	6,780	12,416	39,772
Staff development	2,488	10,222	862	13,572	1,039	-	14,611
Supplies	754	12,070	1,020	13,844	1,431	4,824	20,099
Travel	374	433	1,055	1,862	999	1,550	4,411
Total other expenses	80,396	417,373	79,317	577,086	232,421	278,907	1,088,414
TOTAL EXPENSES	<u>\$ 491,533</u>	<u>\$ 541,805</u>	<u>\$ 79,317</u>	<u>\$ 1,112,655</u>	<u>\$ 232,421</u>	<u>\$ 278,907</u>	<u>\$ 1,623,983</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.

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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 \$62,177 and \$75,000 for the years ended March 31, 2022 and 2021, respectively.

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, 2022 and 2021, United Way received in-kind donations valued at \$70,620 and \$49,375, 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, 2022, 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, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2022	2021
Cash and cash equivalents	\$ 471,018	\$ 185,344
Certificates of deposit	740,632	858,777
Pledges receivable, net of allowance	224,632	337,972
Total	<u>\$ 1,436,282</u>	<u>\$ 1,382,093</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:

	2022	2021
Gross pledges, current campaign	\$ 570,591	\$ 609,813
Less allowance for uncollectibles	(85,589)	(91,472)
Less collections to date	(260,370)	(180,369)
Pledges receivable, net	<u>\$ 224,632</u>	<u>\$ 337,972</u>

NOTE 3 - INVESTMENTS

Certificates of Deposit

Certificates of deposit are summarized as follows at March 31:

			2022	2021
Current	Interest Rate	Maturity Date	Amount	Amount
The People's	0.17%	3/9/2022	\$ -	\$ 131,601
Community Bank	0.20%	1/20/2022	-	252,494
Trustmark	0.45%	11/29/2021	-	262,273
The First	0.20%	1/5/2023	212,835	212,409
Citizens Bank	0.15%	12/13/2022	264,048	-
BancorpSouth	0.15%	5/25/2022	263,749	-
			<u>740,632</u>	<u>858,777</u>
Non-Current				
BancorpSouth	2.50%	5/25/2021	-	251,544
			-	251,544
Total certificates of deposit			<u>\$ 740,632</u>	<u>\$ 1,110,321</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 3 – INVESTMENTS (Continued)

Marketable Securities

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

	2022	2021
Equity	\$ 42,684	\$ 41,506
Fixed income	18,042	19,020
Total	<u>\$ 60,726</u>	<u>\$ 60,526</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 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, 2022 and 2021:

	2022	2021
Interest and dividend income	\$ 1,115	\$ 1,002
Realized gain	3,618	1,530
Unrealized gain (loss)	(3,367)	13,199
Investment management fees	(1,166)	(992)
Total investment return, net	<u>\$ 200</u>	<u>\$ 14,739</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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, 2021</u>		<u>December 31, 2021</u>
Assets	\$ 3,761,288	Revenues	\$ 676,754
Liabilities	<u>4,506</u>	Expenses	<u>831,281</u>
Equity	<u>\$ 3,756,782</u>	Changes in equity	<u>\$ (154,527)</u>
	<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>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 5 – PROPERTY AND EQUIPMENT

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

Asset	Balance	Additions	Retirements	Balance
	March 31, 2021			March 31, 2022
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	87,946	16,507	(14,191)	90,262
Total property and equipment	91,928	16,507	(14,191)	94,244
Less: accumulated depreciation	(89,650)	(5,323)	14,191	(80,782)
Net property and equipment	<u>\$ 2,278</u>	<u>\$ 11,184</u>	<u>\$ -</u>	<u>\$ 13,462</u>

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

Depreciation expense included in the statement of activities and the statement of functional expenses is \$5,323 and \$2,966 for the years ended March 31, 2022 and 2021, respectively.

NOTE 6 – AMOUNTS HELD FOR OTHERS

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

	2022	2021
Due to other United Way campaigns	<u>\$ 17,932</u>	<u>\$ 99,726</u>
Total designations payable	<u>\$ 17,932</u>	<u>\$ 99,726</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 7- NET ASSETS

Board Designated

The Board of Directors has designated net assets without donor restrictions for the years ended March 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
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>

There are no net assets with donor restriction for the year ended March 31, 2022.

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 \$15,899 and \$14,597 were paid for the years ended March 31, 2022 and 2021, respectively.

NOTE 9- DEBT FORGIVENESS

Under provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, on February 19, 2021, United Way of South Mississippi, Inc. received a \$79,262 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 deferred, and a maturity date of February 19, 2026. Also included in the SBA's PPP loan agreement, is the stipulation that, if certain criteria are met during the six-month deferral period, the loan will be fully forgiven and will be considered revenue. The debt was fully forgiven on October 6, 2021.

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. The debt was fully forgiven on April 27, 2021.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 10- 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, 2022 were \$47,142. United Way believes it is not exposed to any significant credit risk on its cash balances.

Economic Dependency

United Way received approximately 80% of United Way's total support from pledges and corporate grants for the year ended March 31, 2022. Approximately 34% was from pledges and 46% was from corporate grants. The remaining 20% was from all other income sources.

NOTE 11- 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 \$29,584 and \$29,809, of which \$14,793 and \$14,793 was abated for the years ended March 31, 2022 and 2021, respectively. Internet expense totaling \$8,091 and \$7,852, of which \$1,050 and \$1,800 was abated for the years ended March 31, 2022 and 2021, respectively.

United Way entered into a capital lease with a company in which a partner is a member of United Way's board of directors. During the year ended March 31, 2022, United Way paid the company \$11,892 for the lease of a server.

NOTE 12- 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.

During 2005, United Way was named a remainder beneficiary of a special needs trust. Upon the death of the beneficiary of the trust, United Way is entitled to 40% of the income generated by the trust paid, at least annually, for 21 years. At the end of 21 years, United Way is entitled to 40% of the corpus. The value of the trust will not be known or recorded on United Way's books until the death of the beneficiary.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 13- SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 1, 2022, 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.