

UNITED WAY OF SOUTH MISSISSIPPI, INC.
FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022



UNITED WAY OF SOUTH MISSISSIPPI, INC.

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

MARCH 31, 2023

BOARD OF DIRECTORS

Scott Gregory	President
Else' Marie	President Elect
Charles O'Hala	Past President
Else' Marie	Vice President of Finance
Martha Polk	Secretary
Brad Kessie	Vice President of Marketing & Communications
Shyra Galloway	Vice President of Community Impact
Brady Powers	Vice President of Resource Development
Thania Coyne	Vice President of Volunteers & Special Events
Amy Bateson	Member
Lea Bellon	Member
David Duhe	Member
Greg Capranica	Member
Tripp Harrison	Member
Nikki Johns	Member
James Kaigler	Member
Sean Courtney	Member
Rlee Flowers	Member
David Quigley	Member
Stacey O'Connell	Member
Kreg Overstreet	Member
Jase Payne	Member
Melissa Russo	Member
Dana Thrower	Member
Alex Treutel	Member
Ric Williams	Member

Chief Executive Officer

Kathy Springer



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

INDEPENDENT AUDITOR'S REPORT

August 4, 2023

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

Report on the Audit of the Financial Statements

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, 2023 and 2022, 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, 2023 and 2022, 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 Auditor's 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.

Auditor's 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 auditor's 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, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 281,836	\$ 471,018
Investment in certificates of deposit	741,543	740,632
Cash and cash equivalents, restricted	55,381	17,932
Pledges receivable, net of allowance	219,161	224,632
Other receivable	141	-
Prepaid expenses	<u>12,265</u>	<u>10,133</u>
Total current assets	<u>1,310,327</u>	<u>1,464,347</u>
NONCURRENT ASSETS		
Investment in marketable securities	56,111	60,726
Investment in Gulf Coast Nonprofit Center	<u>(70,464)</u>	<u>20,357</u>
Total noncurrent assets	<u>(14,353)</u>	<u>81,083</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	3,982	3,982
Office equipment	<u>92,995</u>	<u>90,262</u>
Total property and equipment	96,977	94,244
Less: accumulated depreciation	<u>(83,309)</u>	<u>(80,782)</u>
Net property and equipment	<u>13,668</u>	<u>13,462</u>
TOTAL ASSETS	<u><u>\$ 1,309,642</u></u>	<u><u>\$ 1,558,892</u></u>

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 37,265	\$ 18,225
Grants payable	53,750	62,177
Payroll and related liabilities	9,229	8,838
Held for others	<u>55,381</u>	<u>17,932</u>
TOTAL LIABILITIES	<u>155,625</u>	<u>107,172</u>
NET ASSETS		
Without donor restrictions:		
Investment in fixed assets, net of related debt	13,668	13,462
Board designated	694,924	699,079
Undesignated	<u>445,425</u>	<u>739,179</u>
Total without donor restriction	<u>1,154,017</u>	<u>1,451,720</u>
Total net assets	<u>1,154,017</u>	<u>1,451,720</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,309,642</u></u>	<u><u>\$ 1,558,892</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, 2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 535,012	\$ -	\$ 535,012
Contributions, tornado relief	200	-	200
Special events income	98,200	-	98,200
Grant revenue	777,973	-	777,973
Sponsorship income	3,106	-	3,106
Administrative fees	48,610	-	48,610
Interest	1,731	-	1,731
Investment return, net	(4,615)	-	(4,615)
In-kind donations	116,600	-	116,600
Decrease in equity of unconsolidated non-profit entity	(90,821)	-	(90,821)
	<u>1,485,996</u>	<u>-</u>	<u>1,485,996</u>
EXPENSES			
Program Services			
Grants awarded	525,040	-	525,040
Other expenses	747,865	-	747,865
	<u>1,272,905</u>	<u>-</u>	<u>1,272,905</u>
Support Services			
Management and general	208,564	-	208,564
Fundraising	302,230	-	302,230
	<u>510,794</u>	<u>-</u>	<u>510,794</u>
Total expenses	<u>1,783,699</u>	<u>-</u>	<u>1,783,699</u>
CHANGE IN NET ASSETS	(297,703)	-	(297,703)
NET ASSETS, BEGINNING OF YEAR	<u>1,451,720</u>	<u>-</u>	<u>1,451,720</u>
NET ASSETS, END OF YEAR	<u>\$ 1,154,017</u>	<u>\$ -</u>	<u>\$ 1,154,017</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

	Without Donor Restriction	With Donor Restriction	Total
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			
	<u>1,546,524</u>	<u>(64,304)</u>	<u>1,482,220</u>
EXPENSES			
Program Services			
Grants awarded	535,569	-	535,569
Other expenses	577,243	-	577,243
	<u>1,112,812</u>	<u>-</u>	<u>1,112,812</u>
Total program services			
	<u>1,112,812</u>	<u>-</u>	<u>1,112,812</u>
Support Services			
Management and general	232,421	-	232,421
Fundraising	278,750	-	278,750
	<u>511,171</u>	<u>-</u>	<u>511,171</u>
Total support services			
	<u>511,171</u>	<u>-</u>	<u>511,171</u>
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 CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, governmental entities, grants, and fees	\$ 1,468,572	\$ 1,456,144
Cash paid for program and support services	(1,616,970)	(1,627,030)
Interest and dividends received	1,731	20,239
Net cash used in operating activities	<u>(146,667)</u>	<u>(150,647)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(4,155)	(15,162)
Proceeds from certificates of deposit maturities	740,632	1,110,321
Purchases of certificates of deposit	<u>(741,543)</u>	<u>(740,632)</u>
Net cash provided by (used in) investing activities	<u>(5,066)</u>	<u>354,527</u>
Increase (decrease) in cash	(151,733)	203,880
Cash, beginning of year	<u>488,950</u>	<u>285,070</u>
Cash, end of year	<u><u>\$ 337,217</u></u>	<u><u>\$ 488,950</u></u>
RECONCILIATION OF TOTAL CASH		
Cash - current assets	\$ 281,836	\$ 471,018
Cash- restricted	<u>55,381</u>	<u>17,932</u>
Total cash	<u><u>\$ 337,217</u></u>	<u><u>\$ 488,950</u></u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	<u>\$ (297,703)</u>	<u>\$ (141,763)</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,949	5,323
Debt forgiveness	-	(79,262)
Decrease in equity of unconsolidated non-profit entity	90,821	30,905
Investment return, net	4,615	(200)
(Increase) decrease in assets:		
Pledges receivable	5,471	113,340
Other receivable	(141)	-
Prepaid expenses	(2,132)	4,450
Increase (decrease) in liabilities:		
Accounts payable	18,903	10,580
Grants payable	(8,427)	(12,823)
Payroll and related liabilities	391	570
Designations payable	<u>37,586</u>	<u>(81,767)</u>
Total adjustments	<u>151,036</u>	<u>(8,884)</u>
Net cash used in operating activities	<u><u>\$ (146,667)</u></u>	<u><u>\$ (150,647)</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, 2023**

	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	\$ 219,885	\$ -	\$ -	\$ 219,885	\$ -	\$ -	\$ 219,885
Early education	-	450	-	450	-	-	450
Utility assistance	267,371	-	-	267,371	-	-	267,371
Dolly Parton Imagination Library	-	27,256	-	27,256	-	-	27,256
Other	10,078	-	-	10,078	-	-	10,078
Total grants awarded	497,334	27,706	-	525,040	-	-	525,040
OTHER EXPENSES							
Salaries, benefits, and payroll taxes	57,357	54,725	48,009	160,091	147,721	113,717	421,529
Advertising	-	-	799	799	8,959	-	9,758
Audit & professional	3,920	439,828	5,557	449,305	20,547	6,179	476,031
Bank fees	517	572	734	1,823	623	847	3,293
Communication & technology	7,546	956	-	8,502	4,885	1,450	14,837
Depreciation	-	-	-	-	3,949	-	3,949
Events	-	2,375	58,047	60,422	442	152,467	213,331
Insurance	950	950	1,357	3,257	9,486	1,488	14,231
Membership dues & subscriptions	2,629	2,629	3,732	8,990	3,313	6,039	18,342
Printing	3	3	4	10	198	2,481	2,689
Rent, repairs & maintenance	4,622	7,421	10,693	22,736	6,208	12,030	40,974
Staff development	157	10,868	286	11,311	750	-	12,061
Supplies	297	18,037	390	18,724	551	3,353	22,628
Travel	509	700	686	1,895	932	2,179	5,006
Total other expenses	78,507	539,064	130,294	747,865	208,564	302,230	1,258,659
TOTAL EXPENSES	\$ 575,841	\$ 566,770	\$ 130,294	\$ 1,272,905	\$ 208,564	\$ 302,230	\$ 1,783,699

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	-	-	663	663	745	128,410	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	79,474	577,243	232,421	278,750	1,088,414
TOTAL EXPENSES	<u>\$ 491,533</u>	<u>\$ 541,805</u>	<u>\$ 79,474</u>	<u>\$ 1,112,812</u>	<u>\$ 232,421</u>	<u>\$ 278,750</u>	<u>\$ 1,623,983</u>

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, 2023 AND 2022

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 and literacy, financial stability, and access to healthcare. Community Impact initiatives include SingleCare prescription savings cards and VITA income tax preparation assistance.

Education Initiative- United Way of South Mississippi's education initiative works with local coalitions such as Excel By 5. Excel By 5 is a community-based certification designed to improve a child's overall well-being by age five. Excel by 5 emphasizes the important roles communities play in educating their children during their most formative years—birth to five. Excel By 5 sets forth a variety of standards involving parent training, community participation, childcare and health to help communities focus on supporting young children and their families. UWSM hosts Dolly Parton's Imagination Library, which puts books into the hands of children in Hancock, Harrison, Pearl River, and Stone Counties, providing a free, high-quality book each month to registered children from birth to age five. PreK4Ward is a tuition free kindergarten readiness program sponsored by UWSM in 9 elementary schools in Harrison County and Gulfport school districts. UWSM is a member of Mississippi's Campaign for Grade Level Reading and the Barksdale Reading Institute.

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 Seniors United, which places volunteers as readers and mentors in schools.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Nature of Activities (Continued)

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.

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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2023 AND 2022

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 \$53,750 and \$62,177 for the years ended March 31, 2023 and 2022, 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, 2023 and 2022, United Way received in-kind donations valued at \$116,600 and \$70,620, respectively, from various local businesses. These donations include advertising, lease space, and venues/supplies for special events. United Way recognizes 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, 2023, 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, 2023 AND 2022

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:

	2023	2022
Cash and cash equivalents	\$ 281,836	\$ 471,018
Certificates of deposit	741,543	740,632
Pledges receivable, net of allowance	219,161	224,632
Other receivable	141	-
Total	<u>\$ 1,242,681</u>	<u>\$ 1,436,282</u>

Recently Adopted Accounting Standards

United Way adopted FASB Accounting Standards Update 2016-02, Leases (Topic 842). The purpose of the update is to increase transparency and comparability among organizations by recognizing the lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. It was determined that United Way’s current lease is short term. Accordingly, United Way has adopted an accounting policy under the standard to recognize the lease payments in the period in which the obligations for those payments is incurred. This method is unchanged from how the lease payments were previously recognized, and as such, the adoption of the new standard is not expected to have a material effect on United Way’s financial position, results of operations, or cash flows. United Way elected the practical expedient upon adoption that allows United Way to forego evaluating any previous leases for changes in term or status and contracts for potential embedded leases. For further information, see Note 11.

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:

	2023	2022
Gross pledges, current campaign	\$ 680,809	\$ 570,591
Less allowance for uncollectibles	(102,121)	(85,589)
Less collections to date	(359,527)	(260,370)
Pledges receivable, net	<u>\$ 219,161</u>	<u>\$ 224,632</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 3 - INVESTMENTS

Certificates of Deposit

Certificates of deposit are summarized as follows at March 31:

			2023	2022
	Interest	Maturity		
Current	Rate	Date	Amount	Amount
Cadence Bank	3.95%	8/16/2023	\$ 264,448	\$ -
Community Bank	0.85%	6/3/2023	264,145	-
Hancock Whitney	4.50%	10/23/2023	212,950	-
The First	0.20%	1/5/2023	-	212,835
Citizens Bank	0.15%	12/13/2022	-	264,048
BancorpSouth	0.15%	5/25/2022	-	263,749
			<u>\$ 741,543</u>	<u>\$ 740,632</u>

Marketable Securities

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

	2023	2022
Equity	\$ 38,693	\$ 42,684
Fixed income	17,418	18,042
Total	<u>\$ 56,111</u>	<u>\$ 60,726</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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 3 – INVESTMENTS (Continued)

Investment Returns

The following schedule summarizes the investment return in the statements of activities for the years ended March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 1,183	\$ 1,115
Realized gain	2,447	3,618
Unrealized gain (loss)	(7,222)	(3,367)
Investment management fees	<u>(1,023)</u>	<u>(1,166)</u>
Total investment return, net	<u>\$ (4,615)</u>	<u>\$ 200</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.

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, 2022</u>		<u>December 31, 2022</u>
Assets	\$ 3,307,327	Revenues	\$ 499,388
Liabilities	<u>4,649</u>	Expenses	<u>953,492</u>
Equity	<u>\$ 3,302,678</u>	Changes in equity	<u>\$ (454,104)</u>
	<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>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2022	Additions	Retirements	Balance March 31, 2023
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	90,262	4,155	(1,422)	92,995
Total property and equipment	94,244	4,155	(1,422)	96,977
Less: accumulated depreciation	(80,782)	(3,949)	1,422	(83,309)
Net property and equipment	<u>\$ 13,462</u>	<u>\$ 206</u>	<u>\$ -</u>	<u>\$ 13,668</u>

Asset	Balance March 31, 2021	Additions	Retirements	Balance 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>

Depreciation expense included in the statement of activities and the statement of functional expenses is \$3,949 and \$5,323 for the years ended March 31, 2023 and 2022, respectively.

NOTE 6 – AMOUNTS HELD FOR OTHERS

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

	2023	2022
Due to other United Way campaigns	<u>\$ 55,381</u>	<u>\$ 17,932</u>
Total designations payable	<u>\$ 55,381</u>	<u>\$ 17,932</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7- NET ASSETS

Board Designated

The Board of Directors has designated net assets without donor restrictions for the years ended March 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Capital reserve	\$ 2,775	\$ 6,930
Disaster operations reserve	385,000	385,000
Disaster grants reserve	<u>307,149</u>	<u>307,149</u>
Totals	<u>\$694,924</u>	<u>\$699,079</u>

There are no net assets with donor restriction for the year ended March 31, 2023.

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 \$16,409 and \$15,899 were paid for the years ended March 31, 2023 and 2022, 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, 2023 were \$47,865. United Way believes it is not exposed to any significant credit risk on its cash balances.

Economic Dependency

United Way received approximately 88% of United Way's total support from pledges and corporate grants for the year ended March 31, 2023. Approximately 36% was from pledges and 52% was from corporate grants. The remaining 12% was from all other income sources.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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. (See Note 11).

NOTE 11- COMMITMENTS AND CONTINGENCIES

Special Needs Trust

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.

Operating Lease

On July 1, 2013, United Way entered into a five-year operating lease for the rental of office and storage space in a building owned by GCNC. The lease required monthly payments of \$2,713 commencing August 1, 2013 through July 31, 2018. On August 1, 2018 and each year thereafter, the lease has been renewed with payment adjustments. Currently, United Way pays \$2,465 monthly for the use of office and storage space. With the automatic renewal provision, no notification of renewal is required by either party to the lease agreement, and the lease can be terminated at any time by either party with a 60-day written notice. Rent expense totaled \$29,584, of which \$14,792 was abated and recognized as an in-kind contribution, for each of the years ended March 31, 2023 and 2022. Rent expense is included in the statement of activities as follows:

	<u>2023</u>	<u>2022</u>
Included in program services	\$ 15,848	\$ 14,792
Included in management and general	<u>13,736</u>	<u>14,792</u>
Total rent expense	<u>\$ 29,584</u>	<u>\$ 29,584</u>

The future monthly commitments related to the lease are \$29,584 as of March 31, 2023.

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 4, 2023, 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.