

UNITED WAY OF SOUTH MISSISSIPPI, INC.
FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024



UNITED WAY OF SOUTH MISSISSIPPI, INC.

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

MARCH 31, 2025

BOARD OF DIRECTORS

Else' Marie	President
Scott Gregory	Past President
Amy Bateson	Vice President of Finance
Nikki Johns	Vice President of Resource Development
James Kaigler	Vice President of Community Impact, President-Elect
Janell Nolan	Vice President of Volunteers and Special Projects
Martha Polk	Secretary
Lea Bellon	Member
Jennifer Cain	Member
Greg Capranica	Member
Sean Courtney	Member
Thania Coyne	Member
David Duhé	Member
R Lee Flowers	Member
Shyra Galloway	Member
David Quigley	Member
Kreg Overstreet	Member
Jase Payne	Member
Brady Powers	Member
Ric Williams	Member
Rick Williams	Member
Conrad Hamel	Member

Chief Executive Officer
Kathy Springer



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

INDEPENDENT AUDITOR'S REPORT

September 19, 2025

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 non-profit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, 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, 2025 and 2024, 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.

Emphasis of Matter-Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2024, United Way of South Mississippi, Inc. adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326). Our opinion is not modified with respect to this matter.

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.

Other Information

Management is responsible for the other information. The other information comprises the list of officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,939	\$ 182,866
Investment in certificates of deposit	791,429	757,735
Cash and cash equivalents, restricted	52,397	51,709
Pledges receivable, net of allowance	214,953	173,766
Other receivable	1,521	408
Prepaid expenses	8,961	13,513
	<u>1,103,200</u>	<u>1,179,997</u>
NONCURRENT ASSETS		
Investment in marketable securities	66,837	63,993
Investment in Gulf Coast Nonprofit Center	(51,048)	(59,160)
	<u>15,789</u>	<u>4,833</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	3,982	3,982
Office equipment	99,293	92,995
	<u>103,275</u>	<u>96,977</u>
Total property and equipment	103,275	96,977
Less: accumulated depreciation	(91,936)	(87,570)
	<u>11,339</u>	<u>9,407</u>
TOTAL ASSETS	<u><u>\$ 1,130,328</u></u>	<u><u>\$ 1,194,237</u></u>

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts payable	\$ 34,988	\$ 26,920
Grants payable	51,875	55,625
Payroll and related liabilities	8,011	7,212
Held for others	<u>52,397</u>	<u>51,709</u>
TOTAL LIABILITIES	<u>147,271</u>	<u>141,466</u>
NET ASSETS		
Without donor restrictions:		
Investment in fixed assets, net of related debt	11,339	9,407
Board designated	559,979	669,856
Undesignated	<u>411,739</u>	<u>373,508</u>
Total without donor restriction	<u>983,057</u>	<u>1,052,771</u>
Total net assets	<u>983,057</u>	<u>1,052,771</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,130,328</u>	<u>\$ 1,194,237</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, 2025

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 574,647	\$ -	\$ 574,647
Special events income	80,400	-	80,400
Grant revenue	1,016,868	-	1,016,868
Sponsorship income	4,473	-	4,473
Administrative fees	143,091	-	143,091
Interest	5,452	-	5,452
Investment return, net	36,493	-	36,493
Miscellaneous income	7,559	-	7,559
In-kind contributions	109,167	-	109,167
Change in equity of unconsolidated non-profit entity	8,112	-	8,112
	<u>1,986,262</u>	<u>-</u>	<u>1,986,262</u>
Total revenue and other support			
EXPENSES			
Program Services			
Grants awarded	656,027	-	656,027
Other expenses	897,197	-	897,197
	<u>1,553,224</u>	<u>-</u>	<u>1,553,224</u>
Total program services			
Support Services			
Management and general	204,329	-	204,329
Fundraising	298,423	-	298,423
	<u>502,752</u>	<u>-</u>	<u>502,752</u>
Total support services			
Total expenses	<u>2,055,976</u>	<u>-</u>	<u>2,055,976</u>
CHANGE IN NET ASSETS	(69,714)	-	(69,714)
NET ASSETS, BEGINNING OF YEAR	<u>1,052,771</u>	<u>-</u>	<u>1,052,771</u>
NET ASSETS, END OF YEAR	<u>\$ 983,057</u>	<u>\$ -</u>	<u>\$ 983,057</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, 2024

	<u>Without</u> <u>Donor Restriction</u>	<u>With</u> <u>Donor Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions, pledged	\$ 563,410	\$ -	\$ 563,410
Contributions, tornado relief	2,000	-	2,000
Special events income	91,000	-	91,000
Grant revenue	1,223,572	-	1,223,572
Sponsorship income	4,190	-	4,190
Administrative fees	67,915	-	67,915
Interest	5,796	-	5,796
Investment return, net	24,075	-	24,075
Miscellaneous income	46,397	-	46,397
In-kind contributions	129,860	-	129,860
Change in equity of unconsolidated non-profit entity	11,304	-	11,304
	<u>2,169,519</u>	<u>-</u>	<u>2,169,519</u>
Total revenue and other support			
EXPENSES			
Program Services			
Grants awarded	905,758	-	905,758
Other expenses	853,455	-	853,455
	<u>1,759,213</u>	<u>-</u>	<u>1,759,213</u>
Total program services			
Support Services			
Management and general	206,221	-	206,221
Fundraising	305,331	-	305,331
	<u>511,552</u>	<u>-</u>	<u>511,552</u>
Total support services			
Total expenses	<u>2,270,765</u>	<u>-</u>	<u>2,270,765</u>
CHANGE IN NET ASSETS	(101,246)	-	(101,246)
NET ASSETS, BEGINNING OF YEAR	<u>1,154,017</u>	<u>-</u>	<u>1,154,017</u>
NET ASSETS, END OF YEAR	<u>\$ 1,052,771</u>	<u>\$ -</u>	<u>\$ 1,052,771</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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, governmental entities, grants, and fees	\$ 1,785,851	\$ 2,043,879
Cash paid for program and support services	(1,933,199)	(2,152,318)
Interest and dividends received	39,101	21,989
Net cash used in operating activities	<u>(108,247)</u>	<u>(86,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(6,298)	-
Proceeds from certificates of deposit maturities	757,735	470,250
Purchases of certificates of deposit	(791,429)	(486,442)
Net cash used in investing activities	<u>(39,992)</u>	<u>(16,192)</u>
Decrease in cash, cash equivalents, and restricted cash	(148,239)	(102,642)
Cash, cash equivalents, and restricted cash, beginning of year	<u>234,575</u>	<u>337,217</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 86,336</u>	<u>\$ 234,575</u>
RECONCILIATION OF TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and cash equivalents - current assets	\$ 33,939	\$ 182,866
Cash and cash equivalents - restricted	52,397	51,709
Total cash, cash equivalents, and restricted cash	<u>\$ 86,336</u>	<u>\$ 234,575</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	<u>\$ (69,714)</u>	<u>\$ (101,246)</u>
Adjustments reconciling the change in net assets to net cash used in operating activities:		
Depreciation	4,366	4,261
(Increase) decrease in equity of unconsolidated non-profit entity	(8,112)	(11,304)
(Gain) loss on investment in marketable securities	(2,844)	(7,882)
(Increase) decrease in assets:		
Pledges receivable	(41,187)	45,395
Other receivable	(1,113)	(267)
Prepaid expenses	4,552	(1,248)
Increase (decrease) in liabilities:		
Accounts payable	8,077	(10,284)
Grants payable	(3,750)	1,875
Payroll and related liabilities	799	(2,017)
Designations payable	679	(3,733)
Total adjustments	<u>(38,533)</u>	<u>14,796</u>
Net cash used in operating activities	<u><u>\$ (108,247)</u></u>	<u><u>\$ (86,450)</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, 2025

	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	\$ 214,820	\$ -	\$ -	\$ 214,820	\$ -	\$ -	\$ 214,820
Utility assistance	402,225	-	-	402,225	-	-	402,225
Dolly Parton Imagination Library	-	34,533	-	34,533	-	-	34,533
Other	4,449	-	-	4,449	-	-	4,449
Total grants awarded	621,494	34,533	-	656,027	-	-	656,027
OTHER EXPENSES							
Salaries, benefits, and payroll taxes	66,184	69,490	48,320	183,994	151,458	136,874	472,326
Advertising	-	-	27	27	344	58	429
Audit & professional	3,946	539,316	5,607	548,869	22,686	5,647	577,202
Bank fees	779	832	1,113	2,724	998	1,182	4,904
Communication & technology	6,437	3,811	5,444	15,692	4,483	5,444	25,619
Depreciation	-	-	-	-	4,366	-	4,366
Events	-	1,294	79,031	80,325	367	122,910	203,602
Insurance	1,463	14,460	2,090	18,013	4,420	2,090	24,523
Membership dues & subscriptions	2,489	2,489	3,556	8,534	3,106	5,426	17,066
Printing	83	64	91	238	231	3,700	4,169
Rent, repairs & maintenance	6,153	6,153	8,789	21,095	7,032	8,789	36,916
Staff development	648	1,756	246	2,650	3,394	3,333	9,377
Supplies	231	11,822	284	12,337	449	1,403	14,189
Travel	890	525	1,284	2,699	995	1,567	5,261
Total other expenses	89,303	652,012	155,882	897,197	204,329	298,423	1,399,949
TOTAL EXPENSES	<u>\$ 710,797</u>	<u>\$ 686,545</u>	<u>\$ 155,882</u>	<u>\$ 1,553,224</u>	<u>\$ 204,329</u>	<u>\$ 298,423</u>	<u>\$ 2,055,976</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, 2024

	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	\$ 234,323	\$ -	\$ -	\$ 234,323	\$ -	\$ -	\$ -	\$ 234,323
Utility assistance	628,287	-	-	628,287	-	-	-	628,287
Dolly Parton Imagination Library	-	34,933	-	34,933	-	-	-	34,933
Other	8,215	-	-	8,215	-	-	-	8,215
Total grants awarded	870,825	34,933	-	905,758	-	-	-	905,758
OTHER EXPENSES								
Salaries, benefits, and payroll taxes								
Advertising	58,486	63,862	52,657	175,005	157,872	113,462	271,334	446,339
Audit & professional	-	701	627	1,328	1,248	1,928	3,176	4,504
Bank fees	13,981	497,538	5,688	517,207	21,976	5,688	27,664	544,871
Communication & technology	592	626	845	2,063	710	832	1,542	3,605
Depreciation	6,086	3,748	5,165	14,999	4,068	6,211	10,279	25,278
Events	-	-	-	-	4,261	-	4,261	4,261
Insurance	-	-	84,017	84,017	364	155,780	156,144	240,161
Membership dues & subscriptions	1,396	12,536	1,996	15,928	4,280	1,995	6,275	22,203
Printing	2,189	2,188	3,124	7,501	2,873	4,885	7,758	15,259
Rent, repairs & maintenance	209	121	874	1,204	288	2,650	2,938	4,142
Staff development	5,255	5,255	7,507	18,017	6,006	7,507	13,513	31,530
Supplies	802	843	1,000	2,645	806	1,456	2,262	4,907
Travel	443	10,690	568	11,701	731	1,284	2,015	13,716
	395	525	920	1,840	738	1,653	2,391	4,231
Total other expenses	89,834	598,633	164,988	853,455	206,221	305,331	511,552	1,365,007
TOTAL EXPENSES	<u>\$ 960,659</u>	<u>\$ 633,566</u>	<u>\$ 164,988</u>	<u>\$ 1,759,213</u>	<u>\$ 206,221</u>	<u>\$ 305,331</u>	<u>\$ 511,552</u>	<u>\$ 2,270,765</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, 2025 AND 2024

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

United Way of South Mississippi, Inc. (United Way) is a local non-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.

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 youth opportunity, healthy community, financial security, and community resiliency. Community Impact initiatives include SingleCare prescription savings cards and Volunteer Income Tax 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. United Way serves as the local champion for 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 United Way in 9 elementary schools in Harrison County and Gulfport school districts. United Way is a member of Mississippi's 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, and Fill the Bus – a school supply drive.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Nature of Activities (Continued)

Disaster Relief/Community Resiliency – As designated by the Harrison County Emergency Management Agency, United Way, along with the Gulf Coast Community Foundation, 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 serves as the call 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 subject to external restrictions that remain unspent at year-end.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

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, 2025 AND 2024

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.

Certificates of deposit held for investment that are not debt securities are classified according to maturity. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as other short-term investments. Certificates of deposit with remaining maturities greater than one year are classified as other long-term investments.

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 \$51,875 and \$55,625 for the years ended March 31, 2025 and 2024, 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, 2025 and 2024, United Way received in-kind contributions valued at \$109,167 and \$129,860, respectively, from various local businesses. These contributions include advertising, lease space, and venues/supplies for special events. United Way recognizes marketing and fundraising and administrative expenses equal to in-kind contributions 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 United Way 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.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

As of March 31, 2025, United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Reclassification

Certain amounts in the prior year financial statements have been reclassified 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:

	2025	2024
Cash and cash equivalents	\$ 33,939	\$ 182,866
Certificates of deposit	791,429	757,735
Pledges receivable, net of allowance	214,953	173,766
Other receivable	1,521	408
Total	<u>\$ 1,041,842</u>	<u>\$ 1,114,775</u>

Recently Adopted Accounting Standards

In the year ended March 31, 2024, United Way adopted FASB Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326). The main objective is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit by a reporting entity. To achieve this objective, this update replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. United Way has considered financial assets that fall under the scope of this standard update. There are no expected credit losses or allowance deemed necessary.

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:

	2025	2024
Gross pledges, current campaign	\$ 559,175	\$ 576,309
Less: allowance for uncollectibles	(83,876)	(86,446)
Less: collections to date	(260,346)	(316,097)
Pledges receivable, net	<u>\$ 214,953</u>	<u>\$ 173,766</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 3 - INVESTMENTS

Certificates of Deposit

Certificates of deposit are summarized as follows at March 31:

			<u>2025</u>	<u>2024</u>
Current	Interest	Maturity		
	Rate	Date	Amount	Amount
Trustmark	3.75%	8/29/2025*	\$ 278,648	\$ -
The Peoples Bank	5.00%	7/1/2025*	232,134	-
Cadence Bank	4.75%	8/16/2025*	280,647	-
Trustmark	4.16%	7/29/2024	-	266,364
Community Bank	5.45%	10/25/2024	-	220,078
Hancock Whitney	5.25%	4/15/2024	-	271,293
			<u>\$ 791,429</u>	<u>\$ 757,735</u>

* Renewed subsequent to year end at various rates and maturity dates

Marketable Securities

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

	<u>2025</u>	<u>2024</u>
Equity	\$ 49,419	\$ 46,575
Fixed income	17,418	17,418
Total	<u>\$ 66,837</u>	<u>\$ 63,993</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, 2025 AND 2024

NOTE 3 – INVESTMENTS (Continued)

Investment Returns

The following schedule summarizes the investment return in the statements of activities for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 35,243	\$ 17,593
Realized gain	1,769	3,549
Unrealized gain (loss)	711	4,011
Investment management fees	<u>(1,230)</u>	<u>(1,078)</u>
Total investment return, net	<u>\$ 36,493</u>	<u>\$ 24,075</u>

NOTE 4 – INVESTMENT IN GULF COAST NONPROFIT CENTER

In 2008, United Way 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 owners. 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, 2024</u>		<u>December 31, 2024</u>
Assets	\$ 3,418,213	Revenues	\$ 806,722
Liabilities	<u>18,450</u>	Expenses	<u>766,159</u>
Equity	<u>\$ 3,399,763</u>	Changes in equity	<u>\$ 40,563</u>
	<u>December 31, 2023</u>		<u>December 31, 2023</u>
Assets	\$ 3,364,871	Revenues	\$ 766,317
Liabilities	<u>5,671</u>	Expenses	<u>825,349</u>
Equity	<u>\$ 3,359,200</u>	Changes in equity	<u>\$ (59,032)</u>

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

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, 2024	Additions	Retirements	Balance March 31, 2025
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	92,995	6,298	-	99,293
Total property and equipment	96,977	6,298	-	103,275
Less: accumulated depreciation	(87,570)	(4,366)	-	(91,936)
Net property and equipment	\$ 9,407	\$ 1,932	\$ -	\$ 11,339

Asset	Balance March 31, 2023	Additions	Retirements	Balance March 31, 2024
Furniture & fixtures	\$ 3,982	\$ -	\$ -	\$ 3,982
Office equipment	92,995	-	-	92,995
Total property and equipment	96,977	-	-	96,977
Less: accumulated depreciation	(83,309)	(4,261)	-	(87,570)
Net property and equipment	\$ 13,668	\$ (4,261)	\$ -	\$ 9,407

Depreciation expense included in the statement of activities and the statement of functional expenses is \$4,366 and \$4,261 for the years ended March 31, 2025 and 2024, respectively.

NOTE 6 – AMOUNTS HELD FOR OTHERS

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

	2025	2024
Due to other United Way campaigns	\$ 52,397	\$ 51,709
Total designations payable	\$ 52,397	\$ 51,709

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 7- NET ASSETS

Board Designated

The Board of Directors has designated net assets without donor restrictions for the years ended March 31, 2025 and 2024 as follows:

	2025	2024
Capital reserve	\$ 2,775	\$ 2,775
Disaster operations reserve	385,000	385,000
Disaster grants reserve	172,204	282,081
Totals	<u>\$ 559,979</u>	<u>\$ 669,856</u>

There are no net assets with donor restriction for the year ended March 31, 2025.

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 \$17,283 and \$16,284 were paid for the years ended March 31, 2025 and 2024, respectively.

NOTE 9- CONCENTRATIONS

Credit Risk

United Way maintains cash balances and certificates of deposit at five 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 balances at March 31, 2025 were \$59,295. United Way believes it is not exposed to any significant credit risk on these deposit accounts.

Economic Dependency

United Way received approximately 80% of United Way's total support from pledges and corporate grants for the year ended March 31, 2025. Approximately 29% was from pledges and 51% was from corporate grants. The remaining 20% was from all other income sources.

UNITED WAY OF SOUTH MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 10- RELATED PARTY TRANSACTIONS

United Way is 20% owner of the Gulf Coast Nonprofit Center, Inc. (The Center). (See Note 4). The Center 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 The Center. 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. United Way paid \$3,076 and \$2,628 monthly for the use of office and storage space for the years ended March 31, 2025 and 2024, respectively. 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 \$36,916 and \$31,530 for the years ended March 31, 2025 and 2024, respectively. Rent expense is included in the statement of activities as follows:

	2025	2024
Included in program services	\$ 21,095	\$ 18,017
Included in management and general	15,821	13,513
Total rent expense	<u>\$ 36,916</u>	<u>\$ 31,530</u>

The future monthly commitments related to the lease are \$36,916 as of March 31, 2025.

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2025, 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.