

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
March 31, 2011 and 2010

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
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March 31, 2011 and 2010

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June 29, 2011

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors of
United Way of Southeast Mississippi, Inc.
Hattiesburg, Mississippi

We have audited the accompanying statements of financial condition of United Way of Southeast Mississippi, Inc. (a nonprofit organization) as of March 31, 2011 and 2010 and the related statements of activities, cash flows and functional expenses for the fiscal years then ended. These financial statements are the responsibility of the United Way of Southeast Mississippi, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Southeast Mississippi, Inc. as of March 31, 2011 and 2010 and the results of its activities and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

McARTHUR, THAMES, SLAY and DEWS, PLLC

By: Mary Beem Bradley
Certified Public Accountants

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF FINANCIAL CONDITION
March 31, 2011 and 2010

ASSETS	<u>03-31-11</u>	<u>03-31-10</u>
Cash and Cash Equivalents	\$ 325,685	\$ 527,831
Certificates of Deposit	442,015	500,243
Pledges Receivable (Net of Allowance)	848,224	879,156
Furniture and Equipment	82,691	78,651
Building	159,159	159,159
Less - Accumulated Depreciation	(102,143)	(93,457)
Investments	443,291	393,980
	<hr/>	<hr/>
Total Assets	<u>\$ 2,198,922</u>	<u>\$ 2,445,563</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 24,950	\$ 228,072
Accounts Payable - Agency Allocations (Designated)	187,141	197,633
Accrued Payroll	8,047	5,340
Retirement Plan Payable	12,478	15,238
	<hr/>	<hr/>
Total Liabilities	<u>232,616</u>	<u>446,283</u>
 NET ASSETS		
Unrestricted Net Assets:		
Board Designated	885,306	894,223
Undesignated	1,069,165	1,102,031
	<hr/>	<hr/>
Total Unrestricted Net Assets	1,954,471	1,996,254
Temporarily Restricted Net Assets	<u>11,835</u>	<u>3,026</u>
Total Net Assets	<u>1,966,306</u>	<u>1,999,280</u>
Total Liabilities and Net Assets	<u>\$ 2,198,922</u>	<u>\$ 2,445,563</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 STATEMENTS OF ACTIVITIES
 Fiscal Years Ended March 31, 2011 and 2010

	FYE 03-31-11	FYE 03-31-10
UNRESTRICTED NET ASSETS		
Revenues	\$ 1,364,222	\$ 1,406,360
Net Assets Released from Restrictions	27,892	6,974
Expenditures	(1,475,372)	(1,622,123)
Unrealized Gain on Investments	41,475	73,754
	<u>41,475</u>	<u>73,754</u>
Change in Unrestricted Net Assets	<u>(41,783)</u>	<u>(135,035)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Revenues	29,102	10,000
Transfer in of Net Assets	7,599	-
Net Assets Released from Restrictions	(27,892)	(6,974)
	<u>(27,892)</u>	<u>(6,974)</u>
Change in Temporarily Restricted Net Assets	<u>8,809</u>	<u>3,026</u>
Change in Net Assets	<u>(32,974)</u>	<u>(132,009)</u>
Net Assets at Beginning of Year	<u>1,999,280</u>	<u>2,131,289</u>
Net Assets at End of Year	<u>\$ 1,966,306</u>	<u>\$ 1,999,280</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS
Fiscal Years Ended March 31, 2011 and 2010

	FYE <u>03-31-11</u>	FYE <u>03-31-10</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (32,974)	\$ (132,009)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	13,232	13,562
Unrealized (Gain) Loss on Investments	(41,475)	(73,754)
Change in Operating Assets and Liabilities:		
Pledges Receivable (Net of Allowance)	30,932	59,437
Accounts Payable	(203,122)	(15,323)
Accounts Payable - Agency Allocations (Designated)	(10,492)	(1,218)
Accrued Payroll	2,707	(32)
Retirement Plan Payable	<u>(2,760)</u>	<u>(4,716)</u>
Net Cash (Used) by Operating Activities	<u>(243,952)</u>	<u>(154,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Inflows:		
Decrease in Certificates of Deposit - Net	58,228	71,782
Outflows:		
Purchase of Furniture and Equipment	(8,586)	(1,184)
Purchase of Investments	<u>(7,836)</u>	<u>(8,017)</u>
Net Cash Provided by Investing Activities	<u>41,806</u>	<u>62,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>NONE</u>	<u>NONE</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(202,146)	(91,472)
Beginning Cash and Cash Equivalents	<u>527,831</u>	<u>619,303</u>
Ending Cash and Cash Equivalents	<u>\$ 325,685</u>	<u>\$ 527,831</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During Year for:		
Interest	<u>NONE</u>	<u>NONE</u>
Income Taxes	<u>NONE</u>	<u>NONE</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 Fiscal Years Ended March 31, 2011 and 2010

	Fiscal Year Ended March 31, 2011			Fiscal Year Ended March 31, 2010			
	Membership- Program Services	Fund Raising	Management and General	Membership- Program Services	Fund Raising	Management and General	Total
OPERATING FUND							
EXPENDITURES							
Payments to Participating Agencies	\$ 1,003,588	-	-	\$ 1,182,058	-	-	\$ 1,182,058
Salaries - Director	22,321	26,042	26,042	18,602	29,763	26,043	74,408
Salaries - Other	59,668	35,000	35,753	49,006	28,432	39,870	117,308
Legal and Accounting	874	-	16,596	-	-	18,829	18,829
Campaign Supplies	-	43,664	-	-	40,985	-	40,985
Auto Expense	860	1,433	573	759	1,267	507	2,533
Depreciation	370	-	12,862	-	-	13,562	13,562
Retirement Plan and Expenses	4,994	3,719	3,765	5,374	4,625	5,239	15,238
Equipment Rental and							
Maintenance	376	4,889	2,256	269	3,494	1,613	5,376
Fair Share to United Way	-	15,048	-	-	15,920	-	15,920
Insurance	235	-	2,116	466	-	4,196	4,662
Employee Benefits	7,548	5,619	5,688	6,237	5,368	6,080	17,685
Miscellaneous	173	2,250	1,039	158	2,055	949	3,162
Office Supplies and Printing	4,834	14,501	4,834	4,283	12,849	4,283	21,415
Funds Distribution Supplies	-	-	-	480	-	206	686
Other Expenditures -							
Meetings and Conferences	5,049	5,049	2,524	992	992	495	2,479
Payroll Taxes	6,447	4,800	4,859	5,283	4,548	5,151	14,982
Organizational Dues	189	1,133	567	88	1,138	525	1,751
Telephone	1,836	1,836	917	1,618	2,080	924	4,622
Utilities	686	4,115	2,058	744	4,463	2,232	7,439
Grant Specialist Expenses	1,530	-	-	96	-	-	96
Venture Grants	-	-	-	-	-	-	-
Assistance to Individuals	548	-	-	1,256	-	-	1,256
Strategic Planning and							
Agency Development	2,197	-	-	877	-	-	877
American Humanities							
Internship	-	-	-	3,000	-	-	3,000
Children's Defense Expenses	3,026	-	-	6,974	-	-	6,974
Friends For Financial Freedom	4,414	-	-	-	-	-	-
Financial Freedom Expenses	52,062	-	-	44,820	-	-	44,820
Total Expenditures	\$ 1,183,825	\$ 169,098	\$ 122,449	\$ 1,333,440	\$ 157,979	\$ 130,704	\$ 1,622,123

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note A Nature of Activities and Significant Accounting Policies

1. Nature of Activities

The United Way of Southeast Mississippi, Inc. (the Organization) is a voluntary health and welfare organization. The Organization was formed for the purpose of performing voluntary services for various segments of society. The Organization is tax exempt, supported by the public and operated on a nonprofit basis. The Organization derives its revenue primarily from voluntary contributions from the general public. The contributions are used for general or specific purposes connected with health, welfare and community service.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

3. Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Federal law requires the filing of Form 990, Return of Organization Exempt from Income Taxes, for informational purposes.

4. Property & Equipment

Property & Equipment is stated at cost or donated value less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are indicated below.

Furniture and Equipment	5-7 Years
Building	39 Years

5. Donated Materials and Services

Donated materials and equipment are reflected as revenues in the financial statements at the estimated fair values at the date of their receipt. Amounts have not been reflected for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant contributions of time in the Organization's program services and in its fundraising campaigns. During the fiscal years ended March 31, 2011 and 2010, the Organization had non-cash donations of \$49,910 and \$47,501, respectively. These contributions consist mostly of advertising expenses and office equipment.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2011 and 2010

Note A Nature of Activities and Significant Accounting Policies (Continued)

6. Classes of Net Assets

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- a) Unrestricted net assets are those currently available for use by the Organization under the direction of the Board and are not subject to donor-imposed stipulations.
- b) Temporarily restricted net assets subject to donor-imposed stipulations; or those not available for use until future periods.
- c) Permanently restricted net assets are subject to donor-imposed restrictions that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets to fund operations of the Organization. The Organization currently has no permanently restricted net assets.

7. Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Management makes estimates in the calculation of allowance for uncollectible pledges and the useful life of property & equipment used in the calculation of depreciation expense.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2011 and 2010

Note A Nature of Activities and Significant Accounting Policies (Continued)

9. Recently Issued Accounting Standards

In July 2009, the Financial Accounting Standards Board (FASB) approved the FASB Accounting Standards Codification (ASC) as the official source of authoritative, nongovernmental U.S. Generally Accepted Accounting Principles (GAAP), superseding existing FASB and related literature. The FASB Accounting Standards Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Organization adopted FASB ASC 105-10-65 as of March 31, 2010.

On April 1, 2010, the Organization adopted the provisions of FASB ASC 740, Income Taxes. FASB ASC 740 clarifies the accounting for uncertainty in tax positions and the recognition of such income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization's income tax returns are subject to examination by the IRS, generally for three years after they were filed. In evaluating the Organization's tax positions, the Organization believes their estimates are appropriate based on current facts and circumstances and that no uncertain positions were taken.

On April 1, 2010, the Organization adopted the provisions of FASB ASC 820, Fair Value Measurements and Disclosures. FASB ASC 820 establishes a framework for measuring fair value. That framework provides 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement). See note I for more details.

10. Investments

Investments consist of marketable equity securities with readily determinable fair values. All investments are categorized as available for sale and are reported at their fair values in the statement of financial condition. Unrealized gains and losses are included in the change in net assets. Investment income and gains not restricted by a donor are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note B Summary of Property & Equipment

The following is a summary of property & equipment as of March 31, 2011:

<u>Asset Description</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Furniture and Equipment	Straight-line	\$ 82,691	\$ 57,242
Building	Straight-line	<u>159,159</u>	<u>44,901</u>
Total		<u>\$ 241,850</u>	<u>\$ 102,143</u>

The following is a summary of property & equipment as of March 31, 2010:

<u>Asset Description</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Furniture and Equipment	Straight-line	\$ 78,651	\$ 52,647
Building	Straight-line	<u>159,159</u>	<u>40,810</u>
Total		<u>\$ 237,810</u>	<u>\$ 93,457</u>

Depreciation expense for the fiscal years ended March 31, 2011 and 2010 is \$13,232 and \$13,562, respectively.

Note C Pension Plan

The Organization has a Money Purchase Pension Plan covering substantially all employees. The Plan has an effective date of April 1, 1983 with the Plan year ending each March 31. The eligibility requirements include a minimum age of 21, minimum service of one year and no maximum age requirement.

A participant may enter the Plan on entry dates of April 1st or October 1st following the completion of the eligibility requirements. The normal retirement is age 65. The normal retirement date is the Plan anniversary nearest attainment of normal retirement age. The maximum annual addition per participant is \$30,000 or 25% of total salary, whichever is less. The maximum covered compensation is \$160,000 per year per individual. A total employer contribution of 10% of compensation is required annually. Earnings are allocated to participants in proportion to account balances. The vesting schedule is based on service with the employer as follows:

<u>Year</u>	<u>Vesting</u>	<u>Year</u>	<u>Vesting</u>
1	0%	4	60%
2	20%	5	80%
3	40%	6	100%

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note C Pension Plan (Continued)

A minimum of 1,000 hours in a Plan year is required for a participant to have vested credit.

During fiscal year ended March 31, 2011, the Plan had contributions of \$16,943 and \$2,976 in Plan operating expenses.

During fiscal year ended March 31, 2010, the Plan had contributions of \$19,954 and \$3,650 in Plan operating expenses.

Note D Risks, Uncertainties and Concentrations

Cash Deposits – At various times during the year the Organization had cash deposits in excess of federally insured limits.

Marketable Securities – Marketable securities and other investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Organization's net assets.

Pledge Receivable – Concentrations of credit risk with respect to pledges receivable are primarily due to the large number of contributors comprising the Organization's contributor base which are located in the southeast region of Mississippi.

Note E Pledges Receivable

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. An allowance for uncollectible pledges receivable is provided based upon management's judgment.

Unconditional promises are expected to be realized in the following periods as of March 31, 2011:

In One Year or Less	\$ 914,394
Less: Allowance for Uncollectible Pledges	<u>(66,170)</u>
Total	<u>\$ 848,224</u>

Unconditional promises are expected to be realized in the following periods as of March 31, 2010:

In One Year or Less	\$ 949,384
Less: Allowance for Uncollectible Pledges	<u>(70,228)</u>
Total	<u>\$ 879,156</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note F Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2011 and 2010 consisted of the following:

	<u>03-31-11</u>	<u>03-31-10</u>
Friends For Financial Freedom	\$ 11,835	\$ -
City of Hattiesburg - Children's Defense Program	<u>-</u>	<u>3,026</u>
Total	<u>\$ 11,835</u>	<u>\$ 3,026</u>

Note G Friends for Financial Freedom

United Way of Southeast Mississippi, Inc. started the Friends for Financial Freedom (FFFF) initiative for the purpose of assisting economically disadvantaged individuals with financial training and long-term counseling and mentoring. This financial stability initiative is designed to assist individuals to achieve financial control and independence through training, mentoring, income tax preparation, and case management. The program was initially housed at and funded through Christian Services, Inc. of America. However, during the fiscal year ending March 31, 2011, United Way of Southeast Mississippi, Inc. determined that it should be a funded program under its direct supervision. The net assets of FFFF are classified as temporarily restricted net assets on the Organization's financial statements.

Note H Investments

The Organization held investments of \$443,291 and \$393,980 at March 31, 2011 and 2010, respectively. The investments are stated at fair value.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues	\$ 7,834	\$ -	\$ 7,834
Net Unrealized Gain	<u>41,475</u>	<u>-</u>	<u>41,475</u>
Total	<u>\$ 49,309</u>	<u>\$ -</u>	<u>\$ 49,309</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note H Investments (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended March 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues	\$ 8,017	\$ -	\$ 8,017
Net Unrealized Gain	<u>73,754</u>	<u>-</u>	<u>73,754</u>
Total	<u>\$ 81,771</u>	<u>\$ -</u>	<u>\$ 81,771</u>

Note I Fair Value Measurement

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A description of the valuation methodologies used for assets and liabilities measured at fair value is described in Note J.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note I Fair Value Measurement (Continued)

Fair values of assets measured on a recurring basis at March 31, 2011, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
ASSETS				
Investments	\$ 443,291	\$ 443,291	\$ -	\$ -
Total Assets	<u>\$ 443,291</u>	<u>\$ 443,291</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at March 31, 2010, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
ASSETS				
Investments	\$ 393,980	\$ 393,980	\$ -	\$ -
Total Assets	<u>\$ 393,980</u>	<u>\$ 393,980</u>	<u>\$ -</u>	<u>\$ -</u>

Note J Financial Instruments

Fair values of the Organization's financial instruments are as follows:

	<u>March 31, 2011</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash equivalents	\$ 325,685	\$ 325,685
Certificates of Deposits	442,015	442,015
Pledges Receivable, net	848,224	857,979
Investments	443,291	443,291

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

Note J Financial Instruments (Continued)

	March 31, 2010	
	Carrying Amount	Fair Value
Cash and Cash equivalents	\$ 527,831	\$ 527,831
Certificates of Deposits	500,243	500,243
Pledges Receivable, net	879,156	889,266
Investments	393,980	393,980

The following methods and assumptions were used to estimate the fair value of each Financial instruments:

Cash and Cash equivalents – Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Certificates of Deposits – The fair values of certificates of deposits are determined based on quoted interest rates on deposits.

Pledge Receivable – The fair value was determined based on the present value of the future cash flows at the current market interest rates.

Investments – The fair values of long term investments are determined based on quoted market prices.

Note K Reclassification

Certain March 31, 2010, amounts have been reclassified to conform with March 31, 2011. Such reclassifications had no effect on reported net income.

Note L Subsequent Events

In accordance with ASC 855, the Organization evaluated subsequent events through June 29, 2011, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

June 29, 2011

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

To The Board of Directors of
United Way of Southeast Mississippi, Inc.
Hattiesburg, Mississippi

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of United Way of Southeast Mississippi, Inc. for the fiscal years ended March 31, 2011 and 2010, which are presented in the preceding section of this report. The schedules of Revenues, Payments to Participating Agencies and Property & Equipment – Allowance for Depreciation presented hereinafter are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McARTHUR, THAMES, SLAY and DEWS, PLLC
Certified Public Accountants

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 SCHEDULES OF REVENUES
 Fiscal Years Ended March 31, 2011 and 2010

	FYE <u>03-31-11</u>	FYE <u>03-31-10</u>
UNRESTRICTED NET ASSETS:		
REVENUES		
Contributions	<u>\$ 1,389,053</u>	<u>\$ 1,488,252</u>
Less: Amounts Designated by Donors for Specific Organizations	<u>(217,381)</u>	<u>(257,070)</u>
Total Contributions	1,171,672	1,231,182
Noncash Contributions	49,910	47,501
Other Income	127,621	106,580
Interest and Dividend Income	<u>15,019</u>	<u>21,097</u>
Total Revenues	<u>\$ 1,364,222</u>	<u>\$ 1,406,360</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions - Friends For Financial Freedom	<u>\$ 29,102</u>	<u>\$ -</u>
Contributions - City of Hattiesburg - Children's Defense	<u>-</u>	<u>10,000</u>
Total Revenues	<u>\$ 29,102</u>	<u>\$ 10,000</u>

SEE REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
 ON SUPPLEMENTAL INFORMATION

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
 PAYMENTS TO PARTICIPATING AGENCIES
 Fiscal Years Ended March 31, 2011 and 2010

<u>NAME</u>	<u>FYE</u> <u>03-31-11</u>	<u>FYE</u> <u>03-31-10</u>
Aldersgate Mission	\$ 13,664	\$ 15,750
American Red Cross	101,507	117,000
Big Brothers/Big Sisters	25,425	30,100
Pine Burr Area Council of The Boy Scouts	89,795	103,500
The Carpenter's Helper	24,000	20,726
Christian Services, Inc.	58,500	58,500
Domestic Abuse Family Shelter	41,045	41,045
D.R.E.A.M.	20,000	49,500
Dubard School for Children with Language Disorders	81,000	92,040
South Mississippi Children's Center	65,000	64,803
Assoc. for the Rights of Citizens with Dev. Disorders	72,000	72,450
Center for the Prevention of Child Abuse	18,310	64,819
Girl Scouts (Gulf Pine Council)	57,575	66,363
Habitat for Humanity	22,500	25,908
The Family "Y"	72,000	93,600
The Children's Center for Communication and Development	71,500	71,566
The Salvation Army	70,000	108,000
Shafer Center for Crisis Intervention	56,000	48,405
L.I.F.E of South Mississippi	6,403	619
Pine Belt Association for Families	10,364	10,364
R3SM	27,000	27,000
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Total Payments to Participating Agencies	<u>\$ 1,003,588</u>	<u>\$ 1,182,058</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
PROPERTY & EQUIPMENT - ALLOWANCE FOR DEPRECIATION
Fiscal Year Ended March 31, 2011

EXPLANATION	PROPERTY & EQUIPMENT				ALLOWANCE FOR DEPRECIATION				
	Purchase Date	Balance 03-31-10	Additions (Disposals)	Balance 03-31-11	Method	Balance 03-31-10	Depreciation Expense	(Disposals) Additions	Balance 03-31-11
Filing Cabinets	9/20/1990	\$ 952		\$ 952	SL/5 Yr.	\$ 952		\$	952
TV/VCR Combo	10/18/1991	450		450	SL/5 Yr.	450			450
File Cabinets	3/11/1994	128		128	SL/7 Yr.	128			128
Wall Divider	7/11/1998	650		650	SL/5 Yr.	650			650
Light Duty Letter Folder	9/30/1999	100		100	SL/7 Yr.	100			100
Fire Proof Sentry Safe	9/30/1999	140		140	SL/7 Yr.	140			140
Building 210 Front St. Computer Desk/	4/15/2000	159,159		159,159	SL/39 Yr.	40,820	\$ 4,081		44,901
Floor Mat	2/27/2001	332		332	SL/5 Yr.	332			332
Office Chair	3/28/2002	95		95	SL/7 Yr.	95			95
Scanner	4/26/2002	237		237	SL/5 Yr.	237			237
Monitor	8/6/2002	249		249	SL/5 Yr.	249			249
Legal Filing Cabinet	1/21/2003	270		270	SL/7 Yr.	270			270
Painting/Rail	4/17/2002	1,003		1,003	SL/15 Yr.	539	67		606
Painting/Rail	4/26/2002	1,052		1,052	SL/15 Yr.	560	70		630
Ceiling Tiles	10/1/2002	115		115	SL/15 Yr.	64	8		72
Web Page									
Software	2/19/2003	164		164	SL/5 Yr.	164			164
4 Filing Cabinets	5/28/2003	235		235	SL/7 Yr.	235			235
HP Desk Jet Printer	5/28/2003	150	\$ (150)	-	SL/5 Yr.	150		\$ (150)	-
4 Legal Filing Cabinets	6/27/2003	\$ 1,082		\$ 1,082	SL/7 Yr.	\$ 1,053	\$ 29		\$ 1,082

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
PROPERTY & EQUIPMENT - ALLOWANCE FOR DEPRECIATION
Fiscal Year Ended March 31, 2011

EXPLANATION	PROPERTY & EQUIPMENT			ALLOWANCE FOR DEPRECIATION					
	Purchase Date	Balance 03-31-10	Additions (Disposals)	Balance 03-31-11	Method	Balance 03-31-10	Depreciation Expense	(Disposals) Additions	Balance 03-31-11
Compressor for Front System	8/8/2003	\$ 1,312		\$ 1,312	SL/5 Yr.	\$ 1,311			\$ 1,311
Parking Lot Striping	9/2/2003	515		515	SL/15 Yr.	224	\$ 34		258
QB Update	3/24/2004	383		383	SL/5 Yr.	383			383
Helix Software (Andar)	3/31/2004	11,250		11,250	SL/3 Yr.	11,250			11,250
Computer Equipment	4/16/2004	5,043	\$ (5,043)		SL/5 Yr.	5,043		\$ (5,043)	
Zip Drive	4/16/2004	130		130	SL/5 Yr.	130			130
Digital Camera	4/1/2004	499		499	SL/5 Yr.	499			499
Electric Range	7/29/2004	317		317	SL/5 Yr.	317			317
Blinds	8/31/2004	738		738	SL/7 Yr.	578	105		683
Large Projector Screen	2/24/2005	880		880	SL/5 Yr.	880			880
Handtruck Stow-away	2/5/2005	119		119	SL/5 Yr.	119			119
Tripod Screen for Projector	2/16/2005	170		170	SL/5 Yr.	170			170
Raffle Drum	3/30/2005	203		203	SL/5 Yr.	203			203
HVAC System Change out	6/1/2005	3,859		3,859	SL/10 Yr.	1,866	386		2,252
HVAC System Change out	8/9/2005	5,799		5,799	SL/10 Yr.	2,707	580		3,287
Donated Whirlpool Refrigerator	1/27/2005	800		800	SL/5 Yr.	667			667
HP LaserJet	5/16/2005	449		449	SL/5 Yr.	440	9		449
1320 Printer	8/19/2005	1,270		1,270	SL/5 Yr.	1,175	95		1,270
IBM Thinkcentre	8/31/2005	696		696	SL/5 Yr.	637	59		696
1 GB Ram for IBM								\$	\$

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
PROPERTY & EQUIPMENT - ALLOWANCE FOR DEPRECIATION
Fiscal Year Ended March 31, 2011

EXPLANATION	Purchase Date	PROPERTY & EQUIPMENT			ALLOWANCE FOR DEPRECIATION			
		Balance 03-31-10	Additions (Disposals)	Balance 03-31-11	Balance 03-31-10	Depreciation Expense	(Disposals) Additions	Balance 03-31-11
IBM ThinkPad RS2	11/17/2006	\$ 3,078		\$ 3,078	\$ 2,064	\$ 616	\$	\$ 2,680
Front & Rear Signs	12/5/2006	3,200		3,200	1,523	457		1,980
IBM Server	3/28/2007	3,991		3,991	2,425	798		3,223
Samsung Phone Services	8/9/2007	5,821		5,821	3,104	1,164		4,268
5 Ton HVAC	10/2/2007	4,960		4,960	2,480	992		3,472
HP Laser Printer	11/6/2007	1,295		1,295	626	259		885
Envelope Feeder	11/6/2007	285		285	138	57		195
Lenovo Think Center	12/12/2007	897		897	410	179		589
Lenovo Flatscreen	12/12/2007	348		348	160	70		230
Lenovo Ram Extension	12/12/2007	96		96	46	20		66
Cannon Image Runner Copier	4/21/2008	7,936		7,936	3,173	1,587		4,760
IBM Think Pad Computer	6/10/2008	2,075		2,075	830	415		1,245
Microsoft Office Software	10/7/2009	1,184		1,184	197	394		591
Samsung Phone Services	10/7/2008	1,649		1,649	494	330		824
Megagate Website	3/28/2011		\$ 7,383	7,383				-
Canon Imagerun 2200 - FFFF	3/17/2009		1,070	1,070		214	\$ 375	589
Dell Vostro - FFFF	3/10/2009		780	780		155	272	427
Totals		\$ 237,810	\$ 4,040	\$ 241,850	\$ 93,457	\$ 13,232	\$ (4,546)	\$ 102,143